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Cuba

Argentine Daily on Castro's Visit to PRC, SRV

PY2012130595 Buenos Aires LA NACION in Spanish 17 Dec 95 p 8

[Editorial: "Castro's Long Journey"]

[FBIS Translated Text] On the eve of the 37th anniversary of the Cuban revolution, Fidel Castro completed a long "exploratory" tour that took him to the PRC and the SRV with the basic — although tacit — goal of observing how the large remnants of Marxist collectivism that have survived after the extinction of the Soviet Union and its East European satellites are attempting to inject into their respective systems massive doses of capitalist economy, without giving up political dictatorships.

In China, Castro could observe the development of special economic zones and open cities, such as Shanghai, where the Communist state's association with multinational enterprises has been giving rise, over the past few years, to conspicuous examples of free economy, with which Beijing's totalitarianism is attempting to outlive the failures of their collectivist efforts.

The Cuban dictator could also observe the efforts to develop medium-sized enterprises. In doing so, the regime is attempting to adjust the social pressure that progressive capitalism is exerting on the repressed Chinese society, overwhelmingly refuting the ominous predictions on the fate of capitalism voiced by Karl Marx.

In Vietnam, Castro's experience must have been as interesting, bearing in mind that the war with the United States, which ended two decades ago, caused the country's adamant estrangement from the West. As it was impossible for Vietnam to overcome its serious underdevelopment, the Vietnamese authorities ultimately decided to open up their tightly closed borders — to U.S. companies, no less. The success achieved by this policy soon caused unique consequences such as the establishment of full political relations between Hanoi and Washington.

Observing the Cuban case itself, it is not easy to predict the conclusions to which Castro may have arrived. For the time being, the Caribbean tyrant cannot ignore that the economic results of his long administration leave a lot to be desired, even in comparison with the results achieved in the past by other Marxist-Leninist republics, as the Caribbean island's economy now is significantly weaker than it was 40 years ago when tourism was a source of income comparable with those of sugar and tobacco. Thirty years of direct assistance from Moscow and its satellites have barely served for the Cuban people to survive hopelessly. Cuba is not located in the east, but in America, and its geopolitical situation strongly relies on the free world. Under this circumstance, Castro's problem does not involve an economic crisis, but his obvious fear of liberty.

Russia Delays Implementation of Sugar-Oil Accord

PA2012140895 Havana Radio Havana Cuba in Spanish 1300 GMT 20 Dec 95

[From the "Morning Information Review" newscast]

[FBIS Translated Text] The Government of Russia has postponed the analysis of the mechanisms that will govern the fulfillment of the three-year agreement for the exchange of petroleum for sugar with Cuba to the beginning of next year. A spokesman for the Russian Ministry of Foreign Economic Relations affirmed that the decision to change the date results from the inability to implement the agreement before the second semester of 1996. The Russian Companies that will supply 10.5 million tonnes of petroleum in exchange for 4 million tonnes of Cuban sugar between 1996 and 1998 should have been designated last November.

Roundup of Economic Developments Through 20 Dec

PA2012183695

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Cuba monitored through 20 December.

Pinar del Rio farmers are currently planting their rice crop. The farmers' goal is to plant 811 caballerias before 28 February. Los Palacios is the only rice producing complex currently meeting its rice quota this year. Pinar del Rio farmers plan to harvest 1 million quintals this year in the 811 caballerias being planted. In spring they will plant 250 caballerias. A $8.8 million loan contracted for this complex must be paid back in one year, including nearly $2 million in interests. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 12 Dec 95)

The Havana-based OPCIONES magazine recently published a report stating that foreign exchange stores had sold approximately $500 million in 1995, according to a 12 December report datelined Havana. Carlos Lage, the vice president of the Council of State of Cuba, stated in a speech recently, that "the sector's sale grew 16 percent during the first nine months of the year" and is one of the most important for the national economy. The government's foreign exchange sales network includes more than 600 stores in the entire island and has been increasing rapidly since the government authorized the free circulation of foreign currency in the country. According to OPCIONES magazine, the Panamericana sales consortium will sell $180 million in its 270 stores in 1995; the Caracol chain, which has 161 stores, will sell approximately $50 million; Cubalse with 64 stores did not report its sales; the Universo consortium will sell $20 million but did not indicate how many stores it had; the Caribe TRD (Exchange Collection Stores) (Tiendas de Recaudacion de Divisas) has 108 stores, and the Gaviota chain has 28 stores. (Paris AFP in Spanish 2259 GMT 12 Dec 95)

The Spanish EL PAIS newspaper reported today that the Spanish Tryp Hotel Group will invest close to $20 million in Cuba, according to a 13 December report datelined Madrid. Tryp Official Rufino Caldero said it will further hotel ventures in the island and is backed by the Mora Bank of Andorra, which has 65 percent of the investing firm established for this purpose. (Havana PRENSA LATINA in Spanish 1520 GMT 13 Dec 95)

Cuban Foreign Trade Minister Ricardo Cabrisas received the Quebec Agriculture and Fisheries Minister and businessmen who visited the island. The Canadians expressed interest in establishing ties in the tourism, communications, and transportation sectors. Trade between Canada and Cuba has exceeded $200 million in the past four years. (Havana Radio Havana Cuba in Spanish 1300 GMT 13 Dec 95)

A cruise ships port in Havana is currently operating without difficulties. Transportation Minister Division General Casas Regueiro told reporters this is a good source of income for Cuba because each tourist who arrives here must pay $12.00. It is a good business which must be nurtured, Casas Regueiro remarked. The first cruise ship carried approximately 500 passenger, but the fifth cruise ship is full. (Havana Radio Rebelde Network in Spanish 1800 GMT 15 Dec 95)

Only 200 of the 4000 caballerias of potatoes scheduled to be planted have been planted in Havana Province. Farming sectors in Havana agree that planting is going slow, but compared to previous years the rhythm is faster, and the harvest may be concluded by 31 December. Tomatoes, cabbage, lettuce, carrots, onions, and garlic have already been planted in 800 caballerias out of a total 2,045 caballerias. Work is being carried out day and night. (Havana Radio Rebelde Network in Spanish 1800 GMT 15 Dec 95)

The Japanese Casio company and the Pinar del Rio electronics combine signed a contract and will start assembling approximately 10,000 Casio watches per month in Cuba, starting next April, according to a 16 December report datelined Havana. The watches will be sold in convertible exchange in the domestic market and part of the production will be exported. Emilio Duabe, the manager of the Pinar del Rio factory, said the agreement with Casio will further the economy recovery of the combine, which has suffered an economic contraction since 1992. (Havana PRENSA LATINA in Spanish 1441 GMT 16 Dec 95)

The new joint venture (Sherdrun) will harvest vegetables and fruits for the tourism and export sectors. The Cuban-administrated firm is located in Matanzas and expects to export 1,360 tons of vegetables and assign 720 tons to local tourism. The association between the Canadian (Sherbert) company and the Cuban Agriculture Ministry has already planted 10 hectares of pimentos and tomatoes and two hectares of strawberries. (Havana Radio Havana Cuba in Spanish 0000 GMT 18 Dec 95)

A textile company in Santiago de Cuba has manufactured 95,000 pairs of blue jeans for the sugarcane cutters and 130,000 pairs of blue jeans for sugar and coffee industry workers. The company only needs to manufacture 6,000 units to achieve this year's goal. Workers have volunteered to make up for time lost due to energy blackouts and lack of spare parts. This year, the plant has had a record production of 650,000 units, that includes sheets, pillow cases, and napkins for tourists. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 19 Dec 95)

The Ministry of Construction (Micon) revealed in a meeting in Sancti Spiritu its plans to build over 15,000 homes next year. Sancti Spiritu constructors built more than 4,000 homes. Prefabricated home factories are being modernized to face the 1996 challenge. The Micon ended 1995 with over 700 million pesos. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 19 Dec 95)

Farmers in Sancti Spiritu are expected to produce more than 720,000 quintals of vegetables and other goods this year. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 19 Dec 95)

In Guantanamo, where more than 2 million cans of coffee are produced, women constitute half of the work force. Each women's brigade gathers enough coffee to fill over one million cans. One brigade of 400 women has gathered more than 33,000 cans of coffee. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 19 Dec 95)

Haiti

President Aristide: 17 Dec Elections 'Victory'

PA2112002695 Port-au-Prince Signal FM Radio in French 1130 GMT 20 Dec 95

[From "The Waking Up Newscast"]

[FBIS Translated Text] Despite low voter turnout during the Haitian elections, head of state Jean-Bertrand Aristide believes the presidential elections that took place in the country on 17 December were not a failure but, rather, a victory, even a big victory, he has said.

Speaking at a reception following the presentation of credentials of the new Argentine ambassador to Port-au-Prince, the head of the Haitian executive congratulated those who participated in the struggle against the high cost of living despite their sufferings:

[Begin Aristide recording, in Creole] It is not a failure; it is a victory, even a big one. Thus, solving the problem of the high cost of living in a destroyed country, as you just heard, requires the help of both the government and the state as well as that of the Haitian citizens. I have begun applauding the courage of all those who are hungry, because they cannot solve the problem of hunger by themselves. I applaud all citizens who somehow participate in the struggle against the high cost of living.

The head of state, President Jean-Bertrand Aristide, has said... [pauses] has congratulated himself for not blindly confronting the privatization of our state-owned enterprises. According to him, privatization of the state-owned enterprises might have aggravated the sufferings of the Haitian people. He has regarded the ongoing negotiations between the government, the international community, and the Haitian people as a positive step:

[Aristide] They have not gone to the streets even though they see that the hunger problem is very acute. It is already a sign of their cleverness, their understanding. Does that mean they must always remain the way they are now without ever expressing their desires? Clearly, it is up to them to answer us.

As for me, my role is to note that the hunger problem is acute. Efforts have been made so that it is not harder than it is today. If we rushed headfirst into privatization, we would have even more problems than at this time. The fact we are carrying out our duty by holding discussions with dignity, by carrying our heads high while negotiating with the international community and ourselves, Haitians, is a positive step. [end recording]

Governor General Barrow Dies; Acting Governor Sworn In

PA2112030495 Madrid EFE in Spanish 0036 GMT 21 Dec 95

[FBIS Translated Text] Bridgetown, 20 Dec (EFE) — Barbados Governor General Dame Nita Barrow, 79, died tonight at the Queen Elizabeth Hospital in Bridgetown.

Barrow, who had been governor general since 1990, was interned on 18 December after collapsing during a Christmas party organized by the Barbados Police Department. The nature of the disease from which she suffered was not reported.

Denys Williams, president of the Supreme Tribunal, was sworn in as acting governor. Prime Minister Owen Arthur expressed his grief over the governor general's decease.

Barrow, who had studied nursing and had been this small Caribbean island's ambassador to the United Nations, was the sister of former Prime Minister Errol Barrow, who also died while in office.

In 1990, Barrow became the first woman governor general in Barbados' history. Barbados is a former British colony, has 250,000 inhabitants, and has been independent since 1966.

Secretariat Views NAFTA Trucking Deregulation

PA1912163495 Mexico City EL FINANCIERO in Spanish 18 Dec 95 p 24

[Report by Jaime Hernandez]

[FBIS Translated Text] NAFTA goes into effect today for cargo transportation between Mexico, the United States, and Canada, at a time when the sector is experiencing a severe crisis, which has worsened with the "financial earthquake" of the current year. The Mexican cargo transportation sector urgently requires funds to build infrastructure and to replace equipment at international rates and terms.

The Communications and Transport Secretariat (SCT) authorities have admitted that there is "nervousness" over the implementation of the treaty on cargo transportation in six border states in the northern part of the country: Baja California, Sonora, Coahuila, Tamaulipas, Nuevo Leon, and Chihuahua.

To avoid predatory price practices and disloyal competition, international transportation will be compelled to keep the "national treatment" concept and, thus, to respect the Federal Competition Law.

Jose Aguilar Alcerreca, the SCT land transportation general director, admitted that the transportation that will move through the border will create problems that "will be resolved as they arise" and that there "will surely be complaints."

He reported that the demands made by the National Chamber of Cargo Transportation (Canacar) [Camara Nacional del Autotransporte de Carga] "are being attended to given the fact that they are issues related to foreign investment in Mexico and are being viewed by the Commerce and Industrial Development Secretariat (Secofi).

"Everything, without exception, is being attended to so that the implementation of the agreement be sufficiently aboveboard and there be no doubt as to the legality with which Mexico is acting."

In this sense, Aguilar Alcerreca asserted, "we should see this with optimism, not pessimism. NAFTA will be beneficial for the three countries. Of course, problems will always arise at the beginning and must be resolved."

Canacar's demands refer to the restructuring of the transportation sector's debt (estimated in more than $400 million) with the banks, lessors, and factoring firms because they will not be competitive if this is not done.

They are asking for a 12-month grace period to pay the debt's principal and that interests be set at a rate not greater than 25 percent a year for a term of not less than a year.

Canacar requests that the term must be for a minimum of five years and up to 12, based on the type of credit used and their real payment possibilities. They also ask that they not be requested to supply additional guarantees or that otherwise, a fund be established to cover the requested surplus and the interests generated during the grace period.

Furthermore, they suggest that the unpaid capital become a convertible credit subordinate to the debt principal.

Up to now, according to meetings held between the Secretariat of Finance and Public Credit (SHCP), the SCT, and the Mexican Bankers Association, there are agreements to present several renegotiation plans in accordance to each transportation sector with the possibility of including them in the Investment Units (Udi), with the following proposals:

Five-year term without a grace period; seven-year term without a grace period; 10-year term without a grace period; eight-year term with a grace period of two years on the payment of principal; 10-year term with a grace period of four years on the payment of principal; 11-year term with a grace period of seven years on payment of principal.

Several of those programs offer the possibility of also granting a year of grace in the payment of interests through a financing procedure that can be obtained with the same bank.

However, there are several pending points for the transportation firms to be competitive. One of them is the creation of a special fund with financial resources to be used to renew and modernize their equipment.

The creation of a fiscal system that provides for the quarterly payment of a percentage based on the gross income of each vehicle is one of such points, and this will have to be arranged with the SHCP.

There are also plans to draft, along with the SHCP, a plan that provides easy payment terms to enable the truckers to pay their debts without any surcharge, fines, or penalties, and stipulates the abolishment of the tax on the ownership and use of vehicles, as well as the elimination of the subsidy to the railroad.

The establishment of minimum requirements that guarantee the availability of the service under efficient and safe conditions is another subject pending, as well as the definition of regulations to send parcels and messages that safeguards the domestic transportation for Mexicans.

According to Canacar President Bernardo Lijtszain Bimstein, the deregulation and the "financial chaos" the country experienced in 1995 triggered: The disintegration of a substantial number of companies; the growth of the vehicle fleet up to 100 percent; the import of 20,000 used vehicles from other countries; the incorporation of 15,000 new vehicles; the incorporation of vehicles traditionally used to transport cargo in the cities; an obsolete vehicle fleet, of which 62 percent is more than 13 years old; a 60-percent reduction in the mileage rate; unscrupulous competitive practices; and market anarchy.

Other upshots of this situation include overloaded equipment; high operation costs; an increase in all raw materials by an average of 60 percent; an increase in interest rates by more than 200 percent; a shortage of credits; a reduction in the volume of cargo due to the decline in imports; customers' refusal to pay for a service in terms of real costs; uncertainty; wariness; the total deterioration of the domestic transport as opposed to foreign transport.

However, according to the Canacar, progress has been made regarding several requests such as the elimination of the staggered scale stipulated in the Regulations on Weights and Dimensions.

According to the Directorate of Federal Auto Transportation of the SCT, the document is ready to be signed by the heads of this institution, as well as those of the Secofi. This document establishes that the transport of containers over 48 feet and articulated trucks over 31 meters will be allowed.

In addition, the document stipulates exemplary sanctions for those companies that have violated the terms in which NAFTA was signed and clear regulations for transporting cargo across the border and international cargo that guarantee the principles of national treatment and reciprocity established in the treaty.

To this effect, the president of the Canacar stressed that the granting of permits to several U.S. companies such as MS Carriers and Schneider, among others, is worrisome. These companies have formed improper partnerships with some Mexican truckers, "prior to the implementation of NAFTA and mainly, to carry out transportation services, reserved for Mexicans only."

The prohibition of the so-called "neutral investment" in the auto transport of cargo constitutes another one of the advances made. Pemex has offered to give cargo to 75 additional vehicles so as to assign larger volumes of cargo to the truckers working for Pemex Refinery.

Another issue that has already been resolved is the one dealing with discounts of more than 60 percent for toll roads, establishing to:

— Limit toll fares to only four categories.

— Give a direct discount in toll booths.

— To provide credit arrangements for large toll fares.

The Auto Transportation of Cargo

Units	289,000
Companies	4,123
People	150,000
Cargo Transported in 1994	391 million tons
Percentage of Total Cargo	62.3 percent
Percentage of Land Cargo	88 percent
Sectors of the Economy It Serves	71
Sectors of the Economy It Requires	41
Direct Jobs It Generates	1.2 million
Indirect Jobs It Generates	2.4 million

Source: Canacar

Reaction to U.S. Delay

PA2012192495 Mexico City LA JORNADA in Spanish 19 Dec 95 pp 52, 40

[Report by Victor Cardoso, Jorge Alberto Cornejo and Carlos Figueroa]

[FBIS Translated Text] The Mexican Government will uphold the terms of the NAFTA regarding the opening of trucking in the border states, and will demand reciprocity and a nondiscriminatory treatment from the United States.

In response to the U.S. decision, announced by U.S. Secretary of Transportation Federico Pena, to unilaterally delay the license applications submitted by Mexican truckers to operate in that country, the Secretariat of Communications and Transportation (SCT) said that "it will take all the necessary actions, within a strict compliance with NAFTA, to ensure a treatment of nondiscrimination and effective reciprocity for the investors and the truckers."

The SCT noted that, on the first day of trucking in the border states, it made available to the interested parties the papers to begin the procedure to obtain the licenses to provide international cargo services from U.S. or Canadian territory to Baja California, Sonora, Chihuahua, Coahuila, Nuevo Leon, and Tamaulipas.

According to the information disclosed so far, the SCT has refused to back the U.S. Transportation Department's decision because it considers the complaints and demands made by the U.S. truckers to be invalid.

The SCT based its argument on the various meetings held between the two governments that began two years ago within the framework of the NAFTA Subcommittee on Transportation Norms and the NAFTA Trilateral Advisory Committee, as well as the coordination of land transportation norms, the international coordination, the establishment of information centers and procedures to be followed at the main border points, and the drafting of handbooks on the requirements to cross the border. "These handbooks have been made available to industry representatives from the three member countries and they are being massively distributed among members of the transportation sector," he mentioned.

Meanwhile, the National Chamber of Land Transportation of Cargo (Canacar) stated its approval of the U.S. decision, which, it noted, the truckers themselves had proposed to resolve different difficulties that arose at the time of the opening. Some of these difficulties have to do with the need to give Mexicans some time to recover from the economic crisis in light of an overall debt of 25 billion new pesos with 60-percent interest rates; the shortage of credits; the technological lag in 80 percent of the vehicles, whose average age is 14 years; and a drastic market drop of 60 percent.

According to Canacar President Bernardo Lijtszain Bimstein, the opening reportedly dealt the "final blow" to the Mexican transportation industry, made up of 4,123 companies and 150,000 truckers. Thus far, he added, approximately 500 companies and 30,000 truckers have gone bankrupt due to the economic crisis, and the border opening might lead to the disappearance of many more.

Lijtszain Bimstein proposed that currently, and merely because of technological differences, at least 80 percent of the domestic fleet would be unable to enter U.S. territory.

However, he rejected the arguments raised by U.S. truckers that Mexican operators have neither enough experience in handling hazardous materials nor insurance to protect third parties.

The skill of Mexican truckers, he stated, is renowned. Mexico has strict regulations on road safety, and if the truckers do not have the corresponding insurance policies, it is only because the insurance companies in the United States do not want to sell them.

Above all, the Canacar leader stressed that the formal participation of foreign companies will worsen the crisis and will cause a further drop in the earnings of truckers.

To illustrate his point, he mentioned five U.S. companies: Snyder, UPS, SM Carriers, Celedon, and JB Hunt. These companies used legal subterfuge to make arrangements before the implementation of NAFTA, and they are already operating in Mexico through subsidiaries or the so-called neutral investment. Furthermore, these companies were the ones that refused to back the proposal to postpone the border opening as an agreement between the truckers.

He remarked that UPS itself operates more than 300,000 units, a much higher figure than the total number of the Mexican fleet. "If we add the other companies, who have fleets of trucks and tractor trailers of approximately 10,000 units, we can see the competition Mexico — where the largest company operates a fleet of 200 units — will be facing," Lijtszain Bimstein pointed out.

In addition, the 150 companies tasked specifically with providing international transportation services (in addition to the approximately 25,000 vehicles used for transportation services across the border) will be the hardest hit by the foreign competition.

He explained that the Mexican truckers cannot compete against vehicles that have, on average, four years only, satellite communications, lower fuel consumption, more efficient administrative organizations, and low-cost financing.

Meanwhile, in the two main border locations — San Diego and Laredo — U.S. truckers staged a series of demonstrations in the neighborhood of the international bridges that connect these places with Tijuana and Nuevo Laredo, respectively, to demand that the measure be revoked.

Outside the import booth in Mesa de Otay, some 50 truckers, members of the U.S. national union of cargo vehicle operators, showed up carrying signs that read: "No to NAFTA, which allows danger on the roads" and "No to NAFTA's approval of toxic waste on the highways."

The blockade staged by the California truckers union across the U.S. Customs Office in San Diego, was dismantled by 15 members of the San Diego Police Department. The policemen prevented the demonstrators from attacking Mexican truckers.

According to Teamsters, Mexican operators earn up to 50 percent less than U.S. truckers for providing the same service. In addition, U.S. truckers only drive six hours per day, whereas Mexican truckers might drive for as long as 13 hours nonstop.

Rogelio Badillo Arcadia, president of the Canacar in Tijuana, indicated that in only half an hour yesterday morning, more than 18 trucks transporting foreign goods were able to enter the country uneventfully. In the meantime, Antonio Martinez Luna, local manager of the Tijuana customs office, mentioned that approximately an average of 1,100 commercial cargo trucks enter Mexican territory every day.

Similarly, on Sunday afternoon, members of the truckers union staged a demonstration in the neighborhood of the two international bridges in Laredo, Texas, to pressure their government to reverse the border opening.

Members of the Texas Public Security Department and the Police Department beefed up surveillance on vehicles coming from Mexico. The two departments launched a surveillance operation of all Mexican trailers crossing the border as of this day.

Texas authorities indicated that there are plans, in keeping with the framework of NAFTA, to prevent vehicles in bad condition which are likely to cause accidents from entering the United States.

Dave Martin, from the Texas Transportation Department, explained that those vehicles that did not meet the local safety requirements have been placed in the import pound until they are repaired.

In Mexico, Luis Ramon Balmori McBeath, commander of the Federal Highway Police in Nuevo Laredo, said that the traffic of trailers coming from the United States took place uneventfully, without any problems or delays due to demonstrations against the opening.

He disclosed that as of yesterday, U.S. or Canadian truckers are allowed to circulate in the states located in Mexico's northern border, but they will have to abide by Mexican laws to avoid being penalized.

Wide-Ranging Accusations Leveled

96CA0082A Mexico City LA JORNADA in Spanish 8 Dec 95

[Commentary by Luis Javier Garrido, member of the National Autonomous University of Mexico's Center for Social Research and the National Democratic Convention's National Council of Representatives: "Accessories"; received via Internet]

[FBIS Translated Text] The overt coverup by both Ernesto Zedillo and the national leadership of PAN [National Action Party] for the benefit of Carlos Salinas de Gortari (alias Alvaro Navarro and/or Alberto Navarro) has not succeeded in exonerating him of the crimes that he committed against the Mexican people. It has, however, helped to show once again that Salinas and Zedillo are colluding to protect the private and public interests of the groups of financiers and speculators who are regarded as "the system" today, and that the problem of the political transition is much more complex than many are assuming.

1. The "unwritten" agreement of 3 March between Carlos Salinas de Gortari and Ernesto Zedillo to make Raul Salinas de Gortari (alias Juan Guillermo Gomez Gutierrez) the "scapegoat" for the past six-year presidential term and to hold Carlos blameless unquestionably remains in place after Carlos' letter of 3 December, in which, seeking to exonerate himself, he merely reveals what a dangerous criminal he is.

2. The official reactions in support of the letter underscore, however, that the operation to concoct Carlos Salinas' impunity not only hinges on Los Pinos (which unquestionably gave the OK for the letter) but also has many ramifications, for this obvious reason: A great many people are implicated in the crimes committed during the past six-year term, and Carlos' arrest will presumably affect dozens of businessmen, politicians, labor leaders, and intellectuals. One of the reasons for the strength of the Salinas government was that it gained the backing of a wide variety of sectors, not on principle but owing to interests, inasmuch as it bought an endless number of accomplices. Thus, if one purpose of the letter was to divert attention from the mounting evidence against him (and all of them) and if a certain number of business leaders and PAN officials have played along with him, it is because they are afraid that the criminal activities during the 1988-94 period will be uncovered. The Mafia in power argues that its self-defense is the defense of the political "system," but the truth is that once again in Mexico the interests of the few are being placed ahead of the rights of the many.

3. Salinas' letter failed if what it sought was to confuse Mexicans and create a movement to divert attention, but it remains in the forefront as evidence that a psychopath is clinging to power. Carlos Salinas has been fingered as the man responsible for the assassination of Luis Donaldo Colosio (the PRI [Institutional Revolutionary Party] presidential candidate) and for covering it up, besides being accused of drug trafficking, embezzlement, influence peddling, being part of a criminal organization, serious crimes against the patrimony of the Mexican people, and treason. His defense has been to blame his brother, to hold Zedillo responsible for the economic crisis, and to accuse another former president and a former head of national security of harassing him, all for the purpose of attenuating the magnitude of his crimes and promoting a discussion of other issues, including economic models.

4. The main point of the current dilemma is not, of course, revenge, as the politicians, financiers, businessmen, labor leaders, and intellectuals who benefited from the corruption of the Salinas years would have it and who are trying to argue along the lines of their patron. It is the salvaging of the nation. Carlos Salinas and his group were not just a political group that used power to grow rich, like many others. Joseph-Marie Cordoba and Carlos Salinas and their underlings constituted a veritable criminal organization, allied with drug-trafficking cartels and major financial groups, that turned into a huge empire linked to foreign interests that have the government and the country under their thumb today. The names of the big businessmen-politicians who were their tools or partners, who benefited from corruption, and who have been coming to light leave no room for doubt: Carlos Cabal Peniche, Carlos Slim, Carlos Hank Gonzalez, Claudio X. Gonzalez, Abraham Zabludovsky, Adrian Sada, Juan Garcia Abrego, Justo Fernandez, Raymundo Gomez Flores, and Roberto Gonzalez Barrera (EL FINANCIERO, 1-2 December). And the names of their operators are known to all: Guillermo Ortiz, Luis Tellez, Jose Angel Gurria, Oscar Espinosa, Diego Fernandez de Cevallos (and Antonio Lozano Gracia), Herminio Blanco, Emilio Chauyffet, and so far, Ernesto Zedillo.

5. The paradox of the current situation, therefore, is that Raul's cartel, which is Carlos' cartel, has decisive control over Mexico's future, even though the one is behind bars in Almoloya and the other is sailing in the Caribbean toward the Cayman Islands.

6. There is no logic to the theory that Carlos Salinas, a desperate, cornered man now that the details of his crimes are known for certain, is trying to foist off on us. His theory is that the enforcement of the law would have negative repercussions on the political system and, consequently, on "the markets" and "economic stability" (in other words, the interests of the groups of capitalist financiers and speculators who dominate the country's life). The current regime is weak precisely because of the impunity of its members and because of the inability of the government that Ernesto Zedillo (formally) heads to start rebuilding the country on a foundation other than that of Salinas' policies and with different men. The current regime's only chance to survive is obviously to have a real break with Salinas. So far, though, it has not gone beyond pretending, all of which defends Carlos Salinas de Gortari and those who grew boundlessly rich along with him. This is unprecedented.

7. Recent Mexican history offers no similar example of how placing the private (and political) interests of an individual (and his family) first is leading the nation to disaster. The absurdity of it all is colossal, because in order for Carlos Salinas to continue enjoying the funds that we know today he obtained through extortion, embezzlement, and drug trafficking and to maintain his political and economic power, the Zedillo government is not only destroying itself but also deepening the national crisis and jeopardizing the country's future.

8. Things have a limit, however, and the current ambiguous situation cannot continue because it is worsening the regime's political crisis, which runs the risk of becoming a moral crisis of society. We are witnessing not only the decline of the "system" but also a social crisis of enormous dimensions, and this makes any transition to a regime of law impossible.

9. Some analysts' interpretation of Salinas' letter, to the effect that it is designed to subjugate Zedillo completely by reminding him that he owes everything to his predecessor, is objectively accurate. And from this perspective, one consequence of the letter's publication is that it shows that the current government has neither the moral authority nor the political capacity to remain in office, inasmuch as it is primarily responsible for covering up Carlos Salinas' crimes. By implicating Zedillo himself in all that has happened, Salinas is consolidating Zedillo's image not just as a beneficiary of Colosio's assassination but also as someone who knew in advance that Los Pinos had decided to murder Luis Donaldo. There is no lack of evidence: The Lomas Taurinas rally was organized by Zedillo's office through a colleague of his, Mario Luis Fuentes, besides which Zedillo himself did not show up at the rally as was his duty; this takes on greater significance because the Office of the Attorney General of the Republic has not called on him to testify either even though he was the person chiefly responsible for the event.

10. The problem is clear. To allow Carlos Salinas de Gortari (alias Alvaro Navarro and/or Alberto Navarro) to go unpunished at a time when Mexicans are suffering the consequences of the grave economic and social crisis into which he plunged the country, is to make an apology for criminal behavior and to raise impunity to the level of an institutional rule of social life: To drive the country to the brink, at which point the only available solution is violence since the law does not exist.

Defense Secretary Gets Top Poll Rating

*96CA0085A Mexico City REFORMA in Spanish
1 Dec 95 pp 1A, 10A*

[Article by Haydee Perez and Rafael Gimenez]

[FBIS Translated Text] **Zedillo, a Turbulent Year**

President Ernesto Zedillo's image has been hurt, according to two nationwide polls by REFORMA and EL NORTE. The first, from 20 to 25 November, surveyed 1,500 citizens in 14 states of the republic; the second, from 20 to 29 November, queried 138 opinion leaders, including captains of industry, political party leaders, intellectuals, academics, and specialized consultants.

Two Universes, Same Opinion

Most Mexicans gave failing grades to the work that President Ernesto Zedillo has done during his first year in office (an average of 5.2), according to a nationwide poll of 1,500 citizens that was coordinated by REFORMA and EL NORTE.

A similar survey among 138 opinion leaders yielded an average mark of 5.6 on a scale of 1 to 10.

Sixty percent of the respondents disapproved of the way in which the president is governing the country.

The polls reveal that the major factors hurting the administration's popularity are the bad economic situation, the way in which the economy is being run, and the loss of leadership.

As far as the economy is concerned, the responses to specific questions are striking. Three-fourths said that the administration has had no success in its policy to restore wages; 67 percent said that it has had no success in the battle against inflation; 62 percent that it has had no success in handling the foreign debt; and 61 percent that it has had no success in the battle against unemployment.

Seventy-four percent also voiced criticism in asserting that the administration has had no success in the battle against poverty, while only three percent feel that the handling of the conflict in Chiapas has been very successful.

The investigation into Colosio's assassination has been a disappointment to Mexicans. Whereas in March 28 percent cited the lack of success in the investigation, in June 64 percent felt this way, in August 64 percent, and in November 72 percent asserted that the investigation has had no success at all.

People's assessments of the administration's honesty, democratic conduct, handling of education, relations with the political parties, and relations with the church, are less negative and could even turn positive.

Although two-thirds of the respondents found nothing to say when asked to cite the current administration's biggest success, 11 percent thought highly of its attempt to stabilize the economy, while five percent cited the better administration of justice.

As for failures, almost one-third of the respondents cited none, but 23 percent thought that the president has been unable to govern, and 18 percent replied that he has managed the economy poorly.

In the view of opinion leaders, the cabinet members who are doing best are the secretaries of defense and interior, the attorney general, and the secretary of health.

The worst marks go to the head of social communication of the Office of President, the energy secretary, the mayor of the Federal District, and the secretaries of commerce and finance.

Methodology: The November nationwide poll was conducted among 1,500 persons in 14 states of the republic. Two strata were developed, one with 70 percent urban residents and the other with 30 percent rural dwellers. The sample was designed by stages. The questions were posed face-to-face in homes.

With a confidence interval of 95 percent and with the maximum possible variation in the replies, the margin of error is plus or minus 2.5 percent.

Comparisons are offered with polls that covered only the urban areas of the country's main cities in March, June, and August 1995.

Support was provided by the newspapers AM of Leon, EL IMPARCIAL OF Hermosillo, LA CRONICA of Mexicali, and NOVEDADES of Yucatan.

The poll of opinion leaders involved 138 persons in 15 cities, among them heads of business chambers, university rectors, private economic consultants, intellectuals, political party leaders, and leaders of civic organizations.

How would you grade President Ernesto Zedillo on a scale of 1 to 10?

Citizens: 5.2; Opinion Leaders: 5.6.

Do you approve or disapprove of the way in which President Zedillo is running the country?

Group	Approve	Disapprove	Not Sure
Citizens	31	60	9
Leaders	34	58	8

How would you describe the performance of Ernesto Zedillo's administration with regard to...? (percentages)

	Citizens			
Issue	**Very Good/Good**	**So-So**	**Very Poor/Poor**	**Not Sure**
Honesty	25	35	34	6
Political leadership	21	26	45	8
Democracy	22	28	40	10
The economy	11	19	67	3
	Opinion Leaders			
Honesty	64	29	13	4
Political leadership	13	31	55	1
Democracy	54	27	18	1
The economy	1	23	66	0

How do you think the following situations will be next year?

	Citizens			
Situation	**Better**	**The Same**	**Worse**	**Not Sure**
Economic	26	26	40	8
Political	22	36	30	12
Social	23	35	31	11
	Opinion Leaders			
Economic	43	27	24	6
Political	52	28	15	5
Social	26	31	38	5

Do you agree or disagree with the following statements?

"The country lacks an economic course"			
Group	**Agree**	**Disagree**	**Not Sure**
Citizens	85	9	6
Leaders	68	31	1
"The country lacks a political course"			
Citizens	77	13	10
Leaders	65	32	3
"We need to take a hard line with those who are destabilizing the country"			
"The country lacks an economic course"			
Citizens	88	6	6
Leaders	63	30	7
"We need to take a hard line with Carlos Salinas de Gortari"			
Citizens	90	6	4
Leaders	62	33	5
"There is a power vacuum"			
Citizens	72	14	14
Leaders	47	51	2

How much success is the administration having in dealing with the following public issues?

	Citizens				
Issue	**Much**	**Some**	**Little**	**None**	**Not Sure**
Unemployment	4	10	24	61	1
Corruption	5	11	23	56	5
Inflation	4	7	17	67	5
Pollution	6	16	25	46	7
Education	9	27	29	30	5
Drug trafficking	9	15	21	49	6
Democracy	4	17	25	42	12
Public security	5	14	20	58	3
Foreign debt	3	7	15	62	13
Wage catchup	1	6	14	74	5
Church-State relations	6	20	22	28	24
Government-PAN [National Action Party] relations	7	19	27	27	20
Government-PRD [Party of the Democratic Revolution] relations	4	11	26	35	24
Government-PRI [Institutional Revolutionary Party] relations	16	18	22	26	18
Rural situation	3	9	19	60	9
Combating poverty	2	7	13	74	4
Chiapas conflict	3	13	19	53	12
Colosio murder investigation	2	5	13	72	8
Ruiz Massieu murder investigation	3	6	14	68	9
FTA [expansion not given]	3	11	18	45	23

How much success is the administration having in dealing with the following public issues?

	Opinion Leaders				
Issue	**Much**	**Some**	**Little**	**None**	**Not Sure**
Unemployment	1	10	27	62	0
Corruption	6	33	34	26	1
Inflation	4	23	26	46	1

	Opinion Leaders				
Pollution	2	22	32	38	6
Education	3	28	34	30	5
Drug trafficking	7	30	28	33	2
Democracy	24	42	24	10	0
Public security	2	15	40	43	0
Foreign debt	9	23	22	46	0
Wage catchup	1	5	15	79	0
Church-State relations	14	42	23	15	6
Government-PAN relations	24	51	19	4	2
Government-PRD relations	12	43	30	12	3
Government-PRI relations	17	36	30	14	13
Rural situation	0	11	29	69	1
Combating poverty	0	9	21	70	0
Chiapas conflict	13	43	22	21	1
Colosio murder investigation	2	20	29	48	1
Ruiz Massieu murder investigation	11	30	25	34	0
FTA	11	36	24	27	0

What is your opinion of the administration's current cabinet? (opinion leaders)

Opinion	Percent
Poor/very poor	45
So-so	42
Good/very good	10
Not sure	3

Do you feel that changes ought to be made in the cabinet? (opinion leaders)

Answer	Percent
Yes	81
No	10
Not sure	9

How do you view the current situations in comparison to a year ago?

	Citizens			
Situation	**Better**	**The Same**	**Worse**	**Not Sure**
Economic	4	12	83	1
Political	10	35	49	6
Social	8	32	54	6
	Opinion Leaders			
Economic	1	7	92	0
Political	27	36	34	4
Social	4	12	83	1

What do you think President Zedillo's biggest successes have been in his first year in office?

Area	Citizens	Leaders	**
None	43	5	(8)
Attempt to stabilize economy	11	22	(2)
Executing justice/ Prosecuting Raul Salinas/ Combating corruption in judicial system	5	15	(4)
Improve school system	4	10	(12)
Good image as president	3	19	(3)
Peace negotiations in Chiapas	2	14	(6)
Democratic opening/ political dialogue	2	54	(1)
Battle against drug trafficking	2	0	(12)
Reforms to help countryside	2	1	(11)
Alliance for Economic Recovery	1	2	(10)
Reforms of Mexican Social Security Institute (IMSS)	0	3	(9)
Control of public spending	0	1	(11)
Social stability	0	6	(7)
Other responses	2	3	(9)
Not sure/no answer	23	13	(6)
...And his biggest failures?*			
Inability to govern/no leadership	23	38	(2)
Inability to run the economy	18	58	(1)
Purchasing power is down	8	4	(10)
Political instability	6	24	(3)
None	5	2	(12)
Caused unemployment	4	5	(7)

Area	Citizens	Leaders	**
Increased foreign debt	2	4	(10)
Has not settled Chiapas conflict	2	14	(4)
Has not combated corruption in government	2	13	(5)
Social instability	1	6	(8)
Has not kept campaign promises	1	8	(6)
Poor cabinet choices	0	14	(14)
Other responses	4	3	(11)
Not sure/no answer	24	7	(7)

*Total does not add up to 100 because more than one answer was accepted. **Number in parenthesis indicates order of mention.

Zedillo Cabinet Gets 5.9

Results of a poll conducted by REFORMA and EL NORTE among 138 opinion leaders between 20 and 29 November in 15 cities around the republic.

What grade would you give each of President Ernesto Zedillo's cabinet secretaries for their performance during the first year of the administration?

Cabinet Member	Grade
Enrique Cervantes Aguirre, national defense	7.0
Emilio Chuayffet Chemor, interior	6.9
Antonio Lozano Garcia, attorney general	6.7
Julia Carabias, environment, natural resources, fisheries	6.4
Juan Ramon de la Fuente, health	6.3
Jose Angel Gurria, foreign relations	6.2
Jose Ramon Lorenzo Franco, navy	6.2
Miguel Limon Rojas, public education	6.2
Carlos Ruiz Sacristan, communications and transportation	6.1
Norma Samaniego, comptroller and administrative decentralization	5.8
Javier Bonilla Garcia, labor and social security	5.8
Silvia Hernandez, tourism	5.7
Luis Tellez, office of the president	5.7
Ernesto Zedillo, president	5.6
Carlos Rojas, social development	5.5
Francisco Labastida Ochoa, agriculture	5.5
Guillermo Ortiz Martinez, finance and public credit	5.5
Herminio Blanco, commerce and industrial development	5.4
Arturo Warman, agrarian reform	5.3
Oscar Espinosa Villarreal, mayor of Federal District	5.2
Ignacio Pichardo Pagaza, energy	5.0
Carlos Salomon Camara, social communication	4.7
Overall average	5.9

El Salvador

President Asks Unions To Accept Elimination of Jobs

PA1912121895 San Salvador LA PRENSA GRAFICA in Spanish 14 Dec 95 p A5

[FBIS Translated Text] President Armando Calderon Sol yesterday asked the unions to demonstrate good judgment and to accept that the government does not need the 15,000 jobs it has decided to eliminate from its structure, a measure which is part of a plan to reduce and modernize the government.

"We cannot continue maintaining positions the state no longer needs," the president said, adding that their elimination seeks to "make transactions easier and more efficient in every way, and that is why it is necessary to eliminate them."

The president appointed a "high level commission," composed of ministers and high-ranking government officials together with labor leaders, in which approximately 3,400 jobs were evaluated and determined to be "unnecessary," a decision which the unions have refuted.

Despite the last-minute withdrawal of the labor sector from the bargaining table, the commission established that only 341 positions of the number of cases studied were found to contain "mistakes" but not "irregularities."

The president recalled that "we have been negotiating with them, have been analyzing each case, just as the commission of ministers has done. Modernization must be achieved, and unnecessary positions must be eliminated from the government's administration," Calderon Sol said.

"The state must be more efficient, and we are going to use the resources that were spent in those positions to confront poverty issues with social programs. We cannot continue having positions that are not needed," the president added before leaving for the 17th Central American Presidents Summit in Honduras.

The Administration Has a Free Plan

The president also lashed out against critics who say the administration lacks a clear-cut modernization plan to direct the policies that put into effect previously taken decisions.

"It is those economist who have an outdated, anachronistic mind— like the economists who drafted the five-year plans that emphasized excessive planning in Soviet Russia—who would like to see those kinds of plans. In that regard, I have neither those kinds of plans nor is it my style to formulate them. I have plans with freedom that do not lie within the conceptual framework of the Soviet's fire-year plan," Calderon Sol said. [sentence as published]

Guatemala

President Not 'Nostalgic' About Stepping Down

PA1912221195 Panama City ACAN in Spanish 2325 GMT 15 Dec 95

[FBIS Translated Text] San Pedro Sula (Honduras), 15 Dec (ACAN-EFE) — President Ramiro de Leon Carpio said today that he will turn in power to his successor, who will be elected in January. He added that he does not feel nostalgic about stepping down and that he plans to "write his memoirs, devote his time to his family, and promote the human rights cause."

President De Leon Carpio received warm farewells from his Central American counterparts, particularly, from Honduran President Carlos Roberto Reina, as this will be the last presidential summit he will attend.

The president will step down from power in February, and the following Central American presidential summit has been scheduled for Nicaragua in mid—1996.

From his experience in this sort of events, which started in Esquipulas (Guatemala) in 1986, De Leon Carpio recommended that there should be more control in the implementation of the agreements for these to become a reality.

However, in an apologetic tone, he said that Central America is made up of "beautiful countries, but very difficult to govern."

In this regard, he stressed that there is much difference between demanding democracy from the ranks of the political opposition and being in power trying to build it.

"I had the privilege of living these two experiences and I can attest that acting from the civilian society is easier because one focuses on complaining, whereas when acting as the president, one must seek agreements to implement actions," he indicated.

De Leon Carpio mentioned that one of his plans is to use his experience to give speeches to the "ombudsmen" of Latin America "as my case is unique at the international level."

Meanwhile, he said that he already has a job guaranteed with the "International Human Rights Institute," and that he will be based in Guatemala, "because I did not agreed to go to Europe."

In Guatemala, he plans to "get closer to his family and write his memoirs," he emphasized.

President Blames Businessmen for Not Signing Peace

PA1612004295 Guatemala City LA REPUBLICA in Spanish 12 Dec 95 p 2

[Report by Edgar Entonio Hernandez]

[FBIS Translated Text] President Ramiro De Leon Carpio has regretted that as a result of a series of appeals and irrelevant actions proposed by a small group of representatives of the business sector, a peace agreement could not be reached during his administration, as the successful progress of the talks was hindered.

Regrettably, the president added, a part of the business sector, not exactly the CACIF [Coordinating Committee of Agricultural, Commercial, Industrial, and Financial Associations], but a "small group" of persons who, although do not represent the majority of the country's economic class, are determined to hinder the peace process arguing unconstitutionality. The truth is that there are people here that are not prepared for and are afraid of peace, and this should not be, because peace is the best business from a commercial point of view.

The president indicated that the Indian groups have been the hardest-hit in every aspect, since the very emergence of the guerrillas in or country, more than 35 years ago. This is the case because most of the victims, including soldiers, guerrillas, and civilians, have come from the different ethnic communities in the country. Thus, the Mayan population, which has suffered the consequences of this "senseless war," has also asked the rebel commanders that lead the peace talks to negotiate, as soon as possible, the necessary guidelines to achieve a firm and lasting peace.

The lack of political willingness from the rebel representatives during the negotiations in the discussion of key topics to benefit the civilian population has also been a determining obstacle that has bogged down the peace process. In that sense, President de Leon Carpio deplored not having been able to accomplish his government's main objective, which was to put an end to the war that for more than 35 years has brought mourning to the Guatemalan family.

De Leon Carpio added that even though he has not achieved his objectives in the peace process, which is urgent for Guatemala, he is satisfied, as commanding general of the Army, because he has been a humanitarian and flexible in his desire to sign a peace agreement. He added that he has shown political willingness to serve the Guatemalan people and although his objectives were not achieved during the current administration, he has laid the foundations to make it easier for the next government.

Finally, de Leon Carpio said that he is pleased with the signing of agreements that no one thought could be reached, such as the Overall Agreement on Human Rights, and the [creation of the] Commissions for Historical Clarification, Uprooted and Displaced People, Identity Rights, and Indigenous Peoples. All those agreements bring us closer to peace, and even though a peace agreement was not signed this year, it will be soon.

Government Held Responsible for No Peace Agreement

PA1612044695 Guatemala City PRENSA LIBRE in Spanish 14 Dec 95 p 147

[FBIS Translated Text] There will be no signing of an agreement on the socioeconomic matter discussed by the government and the Guatemalan National Revolutionary Unity, URNG, because there was no commitment, since Ramiro de Leon Carpio has other political ambitions such as forming a political party.

A press agency item by Centro Exterior de Reportes Informativos Sobre Guatemala, CERIGUA, carried the above statement by rebel Commander Pablo Monsanto, indicating that skepticism ruled from the start of the last scheduled meeting between the government, Army, and the URNG, over the signing of an agreement on the matter.

CACIF Supports Measures To Fight Violence

PA1512175395 Guatemala City PRENSA LIBRE in Spanish 11 Dec 95 p 2

[FBIS Translated Text] The Coordinating Committee of Agricultural, Commercial, Industrial, and Financial Associations, CACIF, reiterated yesterday its support for the government measure to use military members to fight violence, in cooperation with civilian security forces, which have been patrolling the streets since Thursday to help deter crime.

According to several CACIF directors, who were contacted via telephone yesterday morning, the levels of common crime are alarming and there has been no effective implementation of mechanisms to fight it.

They stated that the Guatemalan Government should urgently take the aforementioned into consideration and through these security operations, prevent these actions from going unpunished since one of the state's basic duties is to protect the population's civil rights, of which security and personal safety are the most important.

According to the CACIF, the crime and violence problem is outrageous, reaching unbelievably high and critical levels. Therefore, the Guatemalan people are demanding definite results in the short term.

Moreover, the CACIF directors stated that the Constitution clearly establishes that the state is organized to protect individuals and families, and then it adds that the state should also guarantee the life, security, and justice administration for its people.

Regarding the Guatemalan Army's participation in patrol and security operations, the CACIF pointed out that, according to Article 244 of the Constitution, *the Guatemalan Army is an institution intended to maintain Guatemala's independence, sovereignty, and honor, the safety of its territory, peace, and domestic and international security.*

In this regard, it believes that the participation of military forces is welcome provided it helps to reduce the problem of violence through complementary actions so as to finally solve the country's structural problem regarding security and the administration of justice.

More Acts of Violence Said To Take Place Oct-Dec

PA2112021995 Guatemala City LA REPUBLICA in Spanish 16 Dec 95 p 2

[Report by Ramon Hernandez S.]

[FBIS Translated Excerpt] According to the annual report on human rights violations drafted by the Mutual Support Group (GAM), the months of October, November, and December are the those in which there have been more acts of violence during the year. Youths are still the segment of the population the wave of violence hits the most.

Top GAM leader Nineth Montenegro has made public the 17-page report. She has said "certain painful phases still must be endured in order" to eradicate the authoritarian culture. Referring to common violence, the report has stated it is becoming more difficult each passing day to differentiate it from organized and political crimes, not only because of the sophistication with which criminals are acting but also because of, basically, the security forces' inability to control the swiftly growing criminal wave. Montenegro has said, however, this situation has failed to trigger an interest in reorganizing the domestic security forces to subordinate them to civilians and to train them to confront common, organized, and political crimes.

The report Montenegro has made public has stated "there is indeed a state of summary and illegal insecurity. In the more violent months (October, November, and December), five murderers were captured daily, and youths continued to be the segment of the population these events adversely affected the most."

According to this report, without taking into consideration December, the following crimes took place: 856 murders, 120 summary and illegal executions, and 70 unexplained kidnappings (including ransom demands), including 28 kidnapped children so far. The report has also stated that the number of threats, especially those against judges, prosecutors, and political party members, increased this year, totalling 104. Likewise, three massacres took place in 1995.

As for economic and social rights, the report also stated there is a growing inequality and a lack of new sources of jobs that have forced large segments of the population to seek means of survival in the so-called informal sector.

The GAM report has stated that it is understandable that the largest levels of poverty are limited to global, economic policies from which Guatemala had been unable to escape, but the country has failed to seek an alternative that will diminish their impacts.

It added that one issue that cannot be ignored is that of the absence of resolve by the economic circles to balance the state finances in social terms. In this regard, a notable refusal to embark in a correct and adequate tax system was evident in 1995.

In addition, the report added that it calls attention to the fact there is no interest in reducing the state's Revenues and Expenditures Budget in military terms despite the information disclosed. Because Guatemala has the largest Army in Central America, large amounts of funds have to be allocated to it. This would not be necessary if we engaged in the taming of the National Police. [passage omitted]

Defense Minister Says Army Wrongly Accepted Minors

PA2112023895 Guatemala City PRENSA LIBRE in Spanish 16 Dec 95 p 8

[FBIS Translated Text] Defense Minister General Marco Antonio Gonzalez Taracena said yesterday the Army has wrongly accepted minors. He made this statement after it was confirmed that one of the soldiers who participated in the Xaman, Chisec massacre was a minor.

I must admit the Army has recruited minors. We will now have to determine responsibilities, Gonzalez said when he was interviewed at the Polytechnic School at 1300 yesterday after the graduation ceremony of the 83d promotion of cadets to close the military academy's second semester.

He said the Armed Forces have trouble determining with precision whether a person lies when stating his age. In this particular instance (Xaman, Chisec), we do admit there were minors in the Army, he said.

He said the procedure to admit enlistees in principle is to accept as valid an individual's statement of his age. Later, he said, the Army will demand evidence, such as a birth certificate or proof of residence. Even so, we have problems of this type many times, although the idea is not to have minors in the Army.

Arzu, Portillo—Face to Face

96CA0081A Guatemala City CRONICA in Spanish 24 Nov 95

[Article by Carlos Morales and Silvio Gramajo]

[FBIS Translated Text] The predictions did not fool anyone. The National Vanguard Party (PAN) and the Guatemalan Republican Front (FRG) dominated the first round of voting on 12 November. That won them the right to go into the home stretch in the race for the presidency of the Republic. In this latter phase, which will conclude on 7 January 1996, both Alvaro Arzu and Alfonso Portillo will do the impossible to convince undecided voters that their platform is better. Although the common denominator of both programs is the decentralization of government and the elimination of privileges, each candidate has added his own ingredients. In that context, the two contending parties mention reinforcing the rule of law, strengthening local power, and formulating a macroeconomic policy as key elements underlying their promises. Improving citizen security, combating discrimination, rescuing the highway network, and increasing the literacy rate are also among their principal offerings. In its campaign, however, the FRG has placed greater emphasis on decentralization, while the PAN has stressed infrastructure. The two presidential candidates claim to have drawn up their respective plans, which they say are the product of thorough analyses of the national scene. The PAN, in addition to consulting its own advisers, has referred to plans drafted by institutions such as the Association of Investigation and Social Studies (ASIES), the National Economic Research Center (CIEN), and the Liberty and Progress Foundation (FLYP).

The FRG, on the other hand, has formulated its plans with the help of professionals who have contributed on an individual basis. To give you an inside look at these working plans, CRONICA is presenting the platforms of the two candidates who are gearing up for the final leg of the race for the presidency.

Overall Structure

Each of the two parties in the contest expects its government program to rest on three pillars. The FRG, for example, says it will emphasize decentralizing power, strengthening democracy, and establishing the rule of law. The issue of decentralization would be based on the three ideological postulates of Rios Montt's party: security, well-being, and justice. Since its birth, however, the FRG has appeared to regard security as its banner issue. In general, its plans are very broad, and are basically limited to the articulation of ideas revolving around respect for the law.

But the PAN is also pushing its own promises. Alvaro Arzu's team has worked on the formulation of what they call a program of integral government policies. Its basic points are attacking discrimination, eliminating privileges, and ending poverty in what they call a Government of National Unity. To achieve these goals, Arzu has reached preliminary agreements with groups of cooperative members, field workers, and social advocates. He has even mentioned the possibility of making overtures to the New Guatemalan Democratic Front (FDNG). As far as specific issues are concerned, the PAN states that four major areas should be covered: Citizen security, the service infrastructure, education, and health.

So far neither candidate has discussed who will make up the cabinet. They both agree that, before thinking of names, they should fine-tune their programs to establish the profiles of the individuals best suited to carry them out. One obvious element that the two platforms have in common is that their efforts will focus on decentralization.

Transformation of the Economy

Knowing that none of their objectives can be achieved without the application of a solid and sustainable economic policy, the two presidential candidates are particularly interested in this topic. Alfonso Portillo talks about strengthening the economy by eliminating privileges. He also proposes to open up and deregulate the markets, and to apply a policy of demonopolizing productive activities. The latter policy is understood to include not just government services but also those offered by the private sector. He advocates a monetary policy that will seek stability on the exchange and credit market and promote domestic production and job creation. In this regard, he specifically promises to change the current structure of the Monetary Board on the grounds that this agency should be independent of the other branches of government. "The rules governing the economy should be clear and even-handed to provide certainty for investments," says Portillo. In the fiscal sphere, his priorities do not include any new taxes. Rather, he seeks to maintain the current tax structure, facilitate collection, and make tax evasion a criminal offense.

The PAN's promises with regard to the economy are limited to responding to two great challenges. The first is to convert the current speculative economic system into a productive system that will create jobs with good wages. The second is to establish a tax system that will enable the government to provide the citizenry with services and security. The PAN does not look favorably on the creation of new taxes, either. Like the FRG, it contends that the state should function with existing taxes. It does insist, however, on the need to modernize the Finance Ministry as the best way to make tax collection more efficient. This proposal is "based on the implementation of a social market economy, with a subsidiary role focused on the poorest segments of the population. The state should promote development, not carry it out," says PAN Deputy Alfredo Guzman. The elimination of privileges is not absent from the PAN's government platform.

Ideas About Security

With regard to more specific issues, the candidates claim to have plans that will yield immediate results. Keeping pace with the FRG, which has emphasized security in its rhetoric, the PAN has been busy as well, developing very specific plans. For example, it boasts of having a program designed to boost the government's ability to prevent and punish crime. Rodolfo Mendoza, PAN's coordinator for this area and one of the names mentioned for interior minister, claims that the restructuring of law enforcement agencies will be a top priority in this regard. This would mean creating a single entity that would administer both the National Police (PN) and the Treasury Guard. And in the specific instance of the police, Mendoza says he has an operational plan that he has designed with the help of international organizations and security consulting firms. "To have a functional police force, we must bring about a complete transformation, beginning with the reform of the regulations governing that institution," says Mendoza. The PAN member believes that there should be a greater police presence on the streets, which means increasing the number of active officers from the present 8,000 to 20,000, according to PAN studies. There should be an accompanying salary increase to provide an incentive for efficiency.

The FRG's plans also encompass what it calls "the urgent need to guarantee citizen security." Alfonso Portillo contends that law enforcement agencies should be under a single command. In addition, he thinks the PN should be restructured on the basis of four primary considerations: Training, salaries, equipment, and number of officers. Portillo is of the opinion that without professional officers, it will be impossible to eradicate the malfeasance and corruption that currently exist. "Salaries should be increased to lend dignity to police work, and thus contribute to the abolishment of the anomalous activities in which police officers engage," declares Portillo. The FRG also claims that there should be decentralization of the police. Communities would be allowed to propose candidates for the local police force, ensuring that they are reputable, upstanding individuals. The PAN's plans agree on this point.

The two parties' programs also agree that to strengthen the efforts of the police, the Public Ministry and the judiciary must be reinforced. These entities should be given complete autonomy and financial resources so that they can function properly. They should also be depoliticized. Since this is not something the executive branch can accomplish, the parties say they will work through Congress by amending legislation as necessary. And as far as financing is concerned, both candidates assert they will improve incomes in these entities by expanding the budgets.

Peace Process

The negotiations with the guerrillas are a key point for future development. That is why the contestants in the runoff election never fail to mention their plans in this regard. Portillo maintains that his party intends to guarantee the viability of the agreements that have been signed and any that will be signed in the future. The candidate says that, just as he has not made any decisions on any cabinet posts, he does not have anyone in mind to replace the current head of the Peace Commission (COPAZ), Hector Rosada. Nevertheless, some say that one of the possibilities is for the FRG to nominate Congressman Pablo Duarte, who is now in charge of that matter in the legislature. But aside from these internal details, the FRG's position on the pacts with the insurgents is that they should be ratified by the legislature, which will lend them true validity as matters of state. Portillo mentions that among his first decisions as president will be to change the function of the Presidential General Staff (EMP). He sees this entity as "a professional corps of civilians with military support that should look after the president's security, not make decisions for him, as is the case at present." And when he speaks of the Army as an institution, he says he has three objectives: To redefine its functions, to professionalize it, and to depoliticize it, although he does not specify how he will do so.

The PAN, on the other hand, claims that it will follow up on the negotiations with the guerrillas. Unlike the FRG, however, Alvaro Arzu would not plan to remove Rosada, but would take advantage of his experience. If he did replace Rosada, he would put someone in the COPAZ who would make sure his government's position is represented at the bargaining table. Some analysts think that Gustavo Porras, one of Arzu's closest advisers, could be chosen for the job. As far as the military is concerned, the PAN suggests that it would seek an accommodation with the status quo. It would be guided at first by the military line of succession because, in its view, before making any drastic change, it would have to gain a more intimate understanding of the inner workings of the military institution. This would entail keeping General Marco Antonio Gonzalez Taracena as defense minister, at least for the first six months. But in a departure from the public pronouncements of the PAN, some party officials say there are plans to appoint General Otto Perez Molina, current chief of the EMP, as defense minister in the future. The PAN is said to have excellent relations with him. The FRG's plans for Perez are not entirely benevolent. It is argued that General Efrain Rios Montt has not forgotten that Perez belongs to the class of 1973, which fostered the movement that overthrew him on 8 August 1983.

Education and Health

There are also other factors that the two presidential candidates consider essential to development, and that they intend to promote from their first day in office. In the area of education, Arzu's party intends to ensure that 100 percent of the nation's children attend primary school through the third grade as a central objective for its term of office. The idea is to do away with the vicious circle of illiteracy. Among its specific projects, coordinated by Deputy Arabella Castro, who is also mentioned as a possible education minister, is a plan to strengthen Mayan culture through bilingual education. To achieve this goal, it aims to train teachers and promote a revision of the curriculum. Another objective of the PAN is to lend greater financial support to the National Program for Education Development (PRONADE). At present, its operations with groups of children in rural communities are financed by the government at a rate of 30 quetzales per month per child. Arzu's working plans also encompass the health sector, where the effort is being led by former Health Minister Eusebio del Cid, among other professionals. He has pledged to achieve optimum conditions for prevention and treatment, and to expand the coverage of services and social security. The latter will be accomplished by encouraging the participation of private initiative through retirement programs.

In this regard, Alfonso Portillo's plans are equally ambitious. This candidate's educational offerings are contained in his platform under the rubric of decentralization. The FRG advocates subsidizing education in a direct and focused manner. The contributions would be made over an 11-month period at the preschool, primary, and vocational levels. As for health, Portillo promises to promote preventive health strategies. He also says that work will be done on the construction of health centers and clinics, as well as first aid stations and birthing centers. With respect to social security, the FRG is the party that has given the most publicity to its intentions to restructure the Guatemalan Social Security Institute (IGSS). Portillo also wants to facilitate the establishment of other social security plans that could be administered by private entities.

Highways and Other Projects

Another area that is considered important by the men who may reach the presidency is infrastructure. Both parties include highway repair, building local roads, and telecommunications in their platforms. There are fundamental differences on this point, however. The FRG, for example, subscribes to the idea that building superhighways or improving existing ones is up to the country's productive sector. For this reason, it focuses its attention on concessions, because it is aware that scarce government resources cannot be spent to benefit an economic group that, for the most part, does not pay taxes. "The construction of rural community roadways is more important, to facilitate the marketing of farm products and regional transportation," declare FRG officials.

The PAN, in contrast, claims to have a plan to repair the existing road network in six months with external financing. It does agree with the FRG that highways should be built by concession. That would come after road repairs, however. "We would turn over the totally passable routes to the private sector so that they can be maintained with the revenues from tolls. The proviso would be that at the end of the concession period, the roads would have to be given back in perfect condition, which would ensure a perfectly maintained road system," say PAN officials. They have also worked on the matter of local roads. They claim that they have already received offers from the international community to supply each department with a convoy of heavy machinery to use for this type of project.

Unlike the FRG, Alvaro Arzu also puts forward plans for telecommunications and energy. As far as the first is concerned, he proposes to develop a new legal framework with a view to eliminating monopolies, promoting competition, and defending consumer rights.

The legislation that will be sponsored by the PAN calls for the establishment of a depoliticized and eminently technical regulatory body to guarantee that any private firm wishing to provide telecommunications services will be connected to the national system. In a second phase, the PAN's program is supposed to meet the demand for telephones within its presidential term, providing a total of 400,000 new lines. As for energy, the party insists on total demonopolization, as well as the promotion of a pricing policy that will reflect true value. In this sphere, in which Deputy Leonel Lopez is mentioned as a possible minister, the PAN promises that the government will play an active role to facilitate competition, which will drive down prices. It also pledges to subsidize the rates of the poorest customers.

These are the main planks in the platforms of the candidates who will vie for the presidency next January. From now on, everything will depend on how their plans are received by the various political, social, and productive sectors in the country, to which they will have to prove the validity of their ideas. The FRG is looking at possible alliances that will enable it to best its opponent, while the PAN is pursuing a strategy of program-based agreements with social constituencies rather than sectarian elites. Now, as they come face to face, their efforts will concentrate on persuading the electorate that their programs and their ability to execute them are the best.

Honduras

President Views Summit Declarations, Disturbances

PA1512172095 Tegucigalpa Telesistema Hondureno Television Network in Spanish 0130 GMT 14 Dec 95

[Report by Edgardo Melgar; from the "This Very Day" newscast]

[FBIS Translated Text] President Carlos Roberto Reina has confirmed or made official something we have been reporting, the San Pedro Sula declaration. He gave details of major agreements to be signed on Friday at the conclusion of this major event. He granted an exclusive interview to Edgardo Melgar minutes before the "This Very Day" newscast began. Let us listen.

[Begin recording] [Melgar] President, we are from the "This Very Day" newscast. Thank you for granting us this exclusive interview. Can you assess the topics you have discussed with your Central American colleagues?

[Reina] The San Pedro Sula summit is taking place within the planned framework. We are discussing documents and hearing reports. This afternoon the work was intense. We first discussed the draft declarations and treaties, and, later, heard the General Secretariat and other special secretariats. I think this summit will have a far-reaching importance because it will take a step forward with regard to the measures that Central America wishes to take for the benefit of their peoples and their democracies and to make the alliance for sustained development more effective so that confidence Central America has in the handling of their affairs by their governments grows more and more.

[Melgar] Mr. President, I understand that in tandem with the alliance of the sustained development there is a democratic security treaty, which is a major instrument. What practical aspects does that treaty cover?

[Reina] The treaty will have to cover everything that was originally proposed, meaning, the security of citizens. The security of citizens includes all aspects pertaining to the individual, that is, legal and individual security, security against crime, and the fundamental aspects that the people were demanding. It also covers regional security or what we call national security, meaning, aspects dealing with the sovereignty of the state and its defense and the way in which armed institutions must adapt to this new phase of Central American life.

[Melgar] Was the topic of military bases, as is the case of the United States in Panama and Honduras, included?

[Reina] It may be included in a very broad manner, because the topic would merit greater discussions. We are not going to ignore any topic. These topics will be included, instead, in a framework treaty that will be gradually developed and that will touch on all the necessary points. I want to take advantage of this interview because I was informed of regrettable incidents that took place outside this building, the Honduran-Arab Club where the summit is being held. It is truly deplorable that Hondurans (?in detriment) to those of us who are working should have caused these incidents that are still very confusing. I do not know for sure what was the cause or what were the details of the incident, but I regret it. This is a summit for peace, for democracy and development and to strengthen the rights of those citizens who wanted to come to his place in an inappropriate manner...

[Melgar, interrupting] Do you have information on the origin of, or on what prompted the armed clash?

[Reina] As far as I know, there was no clash. There was no clash.

[Melgar] Seven people were wounded.

[Reina] Seven people were hit by .22 caliber bullets, according to the reports I received. There was no contact between the police and the demonstrators...

[Melgar, interrupting] Where did the shots come from?

[Reina] I do not know. That will have to be investigated in depth.

[Melgar] Did you order an inquiry?

[Reina] Of course I did. A bulletin will be issued. There was no contact between the police and demonstrators, however.

[Melgar] [Words indistinct] We were there, and there was no clash between demonstrators and the police, or riot police.

[Reina] If there was no clash, where do the wounded come from? In addition, there were no detonations. (?It seems) .22 caliber weapons were used, perhaps with a silencer. This really reflects a most regrettable attitude that I condemn profoundly. We here are working for those people who elected us to office. We did not come to make expressions of regret at a summit of such far-reaching importance that is only seeking to let democracy become manifest in all its consequences for the benefit of this nation.

[Melgar] Thank you, Mr. President.

[Reina] Thank you, Mr. Melgar. A warm greeting to all. There will be a news conference on Friday, of course, and tomorrow we will go to Copan to show the world the roots of our identity and our wealth. See you there. Thank you. [end recording]

Taiwanese Company To Build Hydraulic Plant

OW1612113095 Taipei CNA in English 0932 GMT 16 Dec 95

[By Edward Chen and Debbie Kuo]

[FBIS Transcribed Text] San Pedro Sula, Honduras, Dec. 15 (CNA) — The Republic of China and Spain have agreed to finance the establishment of a cross-border power-linkage system in Central America.

The Inter-American Development Bank (IADB) signed a US$500 million syndicated loan agreement with the heads of state of each of the seven Central American countries on Friday [15 December], according to Honduran Foreign Affairs Minister Delmer Urbizo Panting. The Republic of China and Spain will finance the loan through the IADB.

The presidents of Guatemala, Nicaragua, El Salvador, Costa Rica, Panama, Honduras, and Belize jointly inked the agreement with representatives of the IADB soon after the heads of state approved the seven-country power-linkage project during a summit meeting held Wednesday in San Pedro Sula, Urbizo said.

To carry out the project, Urbizo said, an executive committee will be established soon with representatives from the seven countries as standing members.

In related news, Taiwan's Oslow Associates Ltd. is reportedly planning to build a 1,010-megawatt hydraulic power plant in Honduras, which suffers from a power shortage.

Oslow Associates Chairman Chen Jung-chun, who visited San Pedro Sula earlier this week with a Taiwan trade mission, discussed the project with Honduran Economic Affairs Minister Fernando E. Garcia.

Garcia said the Honduran Government will provide all necessary administrative support for the plan, according to Chen.

To build the plant, Chen said, Oslow will seek technical assistance from foreign engineering companies. The firm will also apply for syndicated loans from Taiwan and foreign bank consortia to help finance the project, which will cost an estimated US$2 billion.

Soldiers' Involvement in Protester Attack Ruled Out

PA1512233595 Tegucigalpa LA TRIBUNA in Spanish 15 Dec 95 p 130

[FBIS Translated Text] Oswaldo Castellanos, regional coordinator of the Criminal Investigation Department (DIC) in San Pedro Sula, has ruled out the involvement of soldiers in the attack during the demonstration of peoples organizations and the presence of a sniper. However, he said authorities believe the perpetrators had infiltrated the demonstrators.

He remarked he suspects more than one person fired on the protesters, explaining they used a 9mm gun with a silencer fired from a distance of 1.5 meters.

"We are investigating every bit of information as part of the investigation ordered directly by President Carlos Roberto Reina," Castellanos expressed.

So far we have the elements that have been found, like the bullet which is being examined by a ballistics expert in Tegucigalpa, and results may possibly be presented next week.

In addition, the wounds of persons have been observed to determine the path of the bullets, as well as to clarify from where they were fired.

"We definitely rule out the involvement of soldiers; we suspect this attack came from a particular group interested in undermining the country's image regarding security," Castellanos noted.

Regarding the reason for ruling out the presence of snipers, Castellanos explained that several of the injured were in groups. Consequently, had the military contingent fired shots on peasant demonstrators from a position in front of them, more than 20 people would have been injured, he added.

Finally, the DIC coordinator supported the thesis that there were people interspersed within the demonstration, they being responsible for the attack.

Army Commander Views Ruling on Officers

PA1412212495 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 12 Dec 95

[From "The Morning Paper" newscast — passages within quotation marks recorded]

[FBIS Translated Text] Mario Raul Hung Pacheco, elected Honduras Armed Forces commander in chief and Army commander, said this morning that justice prevailed in the decision the Court of Appeals rendered to accept the amparo writ of the 10 military officers accused of the disappearances. Attention! Colonel Hung described as heroes these missing people, because the peace the country is living is owed to them. Voz the Honduras Network listeners, after having listened, in the last few hours, to the statements the lawyer of the 10 Honduran Armed Forces officers, Carlos Lopez Osorio, made, we will now broadcast the statements Col. Hung made. He has pointed to certain statements Dr. Ramon Custodio, president of the Honduran Human Rights Defense Committee, CODEH, made to the media against judge Roger Edmundo Medina.

Lucia Alvarado has a report on the statements of Col. Hung:

[Alvarado] Since the beginning, the military officers availed themselves of the amnesties the National Congress issued, basing their defense in the fact that the laws cannot be specific, because their enforcement must be in general terms. After knowing that the Court of Appeals rendered a decision favoring the 10 officers accused of the disappearances, the elected chief of the military institution, Col. Mario Hung, voiced the following opinions:

[Hung] "The legislative branch had issued a decree since then, a decree that has already been published in the official mouthpiece, LA GACETA, and has, therefore, become a law of the Republic. Therefore, it must be enforced for all citizens of the state. We the military have not stopped being Hondurans just because we are military officers. We are uniformed Honduran citizens, and the law includes us too."

[Alvarado] Were the Armed forces certain that this decision was going to favor them?

[Hung] "Well, let us not talk about security or insecurity. Legal autonomy has always prevailed in our country. In this regard, the only thing I can tell you is that I believe that [word indistinct] prevailed."

[Alvarado] The security referred to, Colonel, the [words indistinct]

[Hung] "Certainly. It was a certainty that we always voiced, because when the law was drafted, the spirit with which the law was drafted prevailed."

[Alvarado] Col. Hung described as heroes the people who disappeared in the 1980's, adding that we owe the peace the country is experiencing to them.

[Hung] "We have always believed in all those who fell in the past, when the fight involved international ideas, not sheer nationalism, such as the one that is emerging now. These disappearances occurred, and we [words indistinct] all those who died in the 1980's, regardless of whether they were leftists or rightists. They were all Hondurans, and as Hondurans, I regard them as heroes. Why? Because they fought for their ideals and for the peace in which we are currently living, without doing away with this society."

[Alvarado] Who must pay a compensation, Colonel, the State or the Armed Forces?

[Hung] "We are part of the State; we have a budget. If the state wants the Armed Forces to pay a compensation, it must allocate more funds to the Armed Forces."

[Alvarado] As for the Committee of Relatives of Missing People in Honduras, it has said that it cannot forget or forgive what happened to their relatives.

[Hung] "I understand [words indistinct] the message would be that hatred, rancor, and revenge will lead us nowhere. I believe that, as Christ Our Lord said, we should forgive those who offend us, just as Jesus Christ forgave those who offended him."

[Alvarado] Finally, Col. Hung was asked if there really was a consensus for the new commander of the public security forces to be a police officer.

[Hung] "The truth is that we did not talk about it."

[Alvarado] Was there a consensus?

[Hung] "No, Lucia, let us not talk about a consensus in that regard. However, we will try to work as best we can; we are seeing a police body in transition. We need a commander able enough and knowledgeable of the laws, so that the police may undergo a peaceful transition, as the changes in the defunct [word indistinct] should have been. We then ran, instead of walking, thus creating a gap of which criminals took advantage. We hope we will not make the same mistakes; we will make the transition as analytically as possible to have a more positive response for society itself."

[Alvarado] You were questioned on an alleged group emanating from the public security that is going to request that a policeman be the next police commander.

[Hung] "The truth is that if this movement by police officers is being created, I believe that they are following the wrong path. I believe that the doors of the chiefs of the institution are open, and we, the military, are not used to going on strike, shouting slogans, or anything like that. The dialogue is the most correct form to reach an understanding. If they have a movement, I believe that they could then reach a consensus with Public Security Commander Col. Lazaro and even with me, if they want my presence there. We need to talk; we do not need [word indistinct] movements that will not lead us to find professional solutions."

Nicaragua

Army Commander Comments on Seizure of Honduran Ships

PA2112013895 Managua Canal Dos Television in Spanish 0045 GMT 20 Dec 95

[From the "TV News" newscast]

[FBIS Translated Text] The Army commander confirmed today that the Navy seized three ships and arrested 109 pirates caught fishing in Nicaraguan waters on 17 December.

More than 100 Honduran pirates have been in custody in Puerto Cabezas since 17 December after being captured by a Navy patrol boat while fishing illegally in Nicaraguan territorial waters. The detained individuals have been put at the disposal of the Immigration Department.

The ships Aguanca, Harold I, and Musan were seized while fishing approximately 130 km east of the Cape of Gracias a Dios. One of the fishermen was injured while resisting arrest, Army General Joaquin Cuadra confirmed today during a ceremony to close the school year at the General Jose Dolores Estrada Military Academy.

Cuadra said one of the shipowners in Honduras tried to lay a smoke screen over the incident by involving the Armed Forces:

[Begin Cuadra recording] An unnecessary uproar has been raised in Honduras. This uproar, I must say, has a background of economic interests. The alarmist people who have been calling radio stations are the shipowners who will have to come here to Nicaragua to pay the fines for their illegal activities, and we will capture them again if they do the same thing again, even if they put up resistance.

We will exert our sovereignty in our territory, as it is our right. The Navy will not hesitate in answering the fire if someone fires on the Navy; this must be absolutely clear for Honduran and Colombian pirates and those from any other country. [end recording]

Although illegal fishing was debated during Honduran Army Commander Discua's visit to Nicaragua, no mechanisms have been implemented yet for patrolling the maritime border jointly.

Meanwhile, both the Nicaraguan and Honduran Armies have created commissions to clarify all the details of the incident, but the issue is crystal clear for Cuadra:

[Begin Cuadra recording] They were in Nicaraguan waters. They clearly violated the law by entering Nicaraguan territory illegally. They are stealing Nicaraguan products and, therefore, must be dealt with according to the law. [end recording]

Although this could be the last such incident of the year, this does not mean it is the only one. In the Armed Forces' annual report, Cuadra said the Nicaraguan Navy detained 137 ships of various types in Nicaraguan territorial waters this year.

Committee Preparing Law To Fight Money Laundering

PA2012034195 Managua Sistema Nacional de Television Network in Spanish 0130 GMT 14 Dec 95

[From the "National Newscast"]

[FBIS Translated Text] A national antidrug committee is preparing a draft law to attack and prevent drug trafficking and expedite investigations on money-laundering operations. The draft bill calls for the establishment of a banking commission that will detect illegal financial transactions resulting from narcotics trafficking.

The government's deputy minister has reported that the Nicaraguan Government and 34 other Latin American and Caribbean countries will promote an action plan against narcotics trafficking and money laundering. In Nicaragua, this plan includes reforms to the drug-trafficking law and it will be approved by the National Assembly in the first three months of next year.

[Begin Deputy Government Minister Frank Cesar recording, in progress] ... the establishment of a banking commission that could study the manner in which money-laundering operations are conducted. We want to make progress and pledge ourselves to issuing a new and specific law against the crime of money laundering. The law should include such related aspects as information, or the obligation of banking and financial institutions to inform authorities of those operations that they feel are suspicious or any unusual operations in their normal activities. [end recording]

The modern draft law to fight drug trafficking and money laundering also calls for the investigation of illegal banking operations.

[Begin Domingo Salinas, member of the antidrug committee, recording, in progress] ...it establishes a banking control commission with certain rules. For example, it must report on the management of those accounts that run over $10,000 or its equivalent in precious metals. However, we really do not yet have a true definition of money laundering. [end recording]

Assembly Approves Share of Budget for Universities

PA2112015595 Managua LA PRENSA in Spanish 16 Dec 95 p 2

[Report by Cesar Ubeda and Ernesto Garcia]

[FBIS Translated Excerpt] By a close margin last night, the National Assembly approved that the universities URACAN [expansion unknown] and BICU [expansion unknown] of the Atlantic region and the Catholic University next year will share the 6 percent national budget allocation the state earmarks for the country's higher education.

It is not clear yet whether the 6 percent budget allocation to the universities will be derived from regular income, as the government has proposed, or from regular and special income, as the National Council of Universities sees it. [passage omitted]

The 3,304,737,306 cordoba national budget establishes that the universities will receive 198 million cordobas next year, as the government's initial proposal had established. [passage omitted]

University leaders said before leaving the National Assembly they do not agree with the inclusion of these three universities in the budget. It is expected they will continue calling for street demonstrations.

At 2115 last night, the plenary of the National Assembly approved by 51 votes in favor and two against to exclude a special celebration to close the legislative period.

Panama

Protest Outside U.S. Embassy Marks Invasion Anniversary

PA2012202295 Panama City Telemetro Television Network in Spanish 1730 GMT 20 Dec 95

[Report by Jose Ivan Ramos; from the "Telemetro Reports" newscast]

[FBIS Translated Text] The U.S. Embassy last night was the scene of protests marking the anniversary of the 1989 invasion. The protest was peaceful.

University students belonging to the FER-29 [Revolutionary Students Federation] and human rights activists picketed outside the U.S. Embassy marking the sixth anniversary of the U.S. invasion of Panama.

[Begin unidentified protest leader recording] This is an act of dignity to remember those who died but also to remember the responsibility we, human rights organizations, people's groups, all sorts of organizations, the country, and community in general, have to work and to fight so that law prevails in the country. We must fight to see that human rights are respected. [end recording]

The protest leader also asked the OAS to favor the lawsuit filed by Panamanians who are requesting an indemnity from the United States due to damages sustained during the invasion.

[Begin protest leader recording] Therefore, we request that the United States pay a just compensation to those who suffered the effects of this invasion. [end recording]

Activists burned a U.S. soldier in effigy in front of the U.S. Embassy. Although the protest was peaceful, Metropolitan Police officers guarded the sector to avoid disturbances and maintain the flow of traffic on Balboa Avenue.

Some students carried lit candles as a show of mourning, while others chanted and painted anti-U.S. slogans on nearby walls.

Finally, the activists withdrew from the area peacefully.

Nation Said Transit Point for Illegal Weapons Trade

PA1312193495 Panama City LA PRENSA in Spanish 9 Dec 95 p A3

[Report by Jose Otero and Rolando Rodriguez B.]

[FBIS Translated Excerpt] Relatives of Panamanian Pacifico Castrellon, who was arrested in Peru for presumed involvement with guerrillas of Tupac Amaru, have sent a letter asking President Alberto Fujimori to investigate the case more deeply and to ensure that Castrellon's legal guarantees and human rights are respected.

The letter sent to Fujimori, through the Peruvian Embassy in Panama, reads: "We are aware of the magnitude of the described incident but are convinced of his innocence." [passage omitted]

Jose Luis Sossa, executive secretary of the State Security Service [Servicio de Seguridad Estatal], has acknowledged that Panama is a country used as a transit point for the illegal trade of weapons to South America, where they are exchanged for drugs.

Sossa has said "weapons trade exists. We cannot deny it; this matter is part of what we have said before. There is a great amount of weapons being traded via Panama."

Moreover, President Ernesto Perez Balladares has said the February explosion of a steam roller in Colon, during the search of a weapons and ammunition cargo, was probably linked to the failed attack against the installations of the Peruvian Congress.

On that occasion, the PTJ [Judicial Technical Police] opened a section of a steam roller with a welding torch, which caused the explosion of ammunition and weapons. The incident resulted in three deaths and 26 injuries. Various loads of high-caliber weapons were seized in Villa Lorena and Vista Hermosa in Panama City that same day. It is believed the weapons were destined for various South American countries, Ecuador and Colombia, among others.

Perez Balladares has said the Cristobal accident is still under investigation, adding that authorities of the Peruvian security apparatus have been contacted to exchange information in order to shed some light on the incident.

The investigations into arms trafficking have been intensified in the last days due to the arrest in Peru of Panamanian Pacifico Castrellon, who drew the blueprint of that country's Congress facility in order to attack it, according to Fujimori.

Sossa has said the weapons in transit in Panama have prompted a change in the system to purchase drugs, as the weapons are exchanged for drugs. He added there are rebels in Latin America who have opened bank accounts in the Panamanian financial center, and Gabriel Castro, who heads the PTJ until 15 December, will be in charge of the office to fight money laundering for that very reason.

Sossa has said the positive outcome of all this is that a number of drugs and weapons was seized. "This point is true;" nevertheless, he has admitted that no one has been arrested for arms trafficking and that the authors of the illegal activities are unknown.

Call Reporting Attack on President's Car Investigated

PA2012195095 Panama City Telemetro Television Network in Spanish 1730 GMT 20 Dec 95

[Report by Julia Elena Alvear; from the "Telemetro Reports" newscast]

[FBIS Translated Text] President Ernesto Perez Balladares has ruled out the possibility of an attack against him. However, he confirmed the investigations on the anonymous call reporting said attack.

The Security Council is investigating a call reporting an attack on the vehicle in which President Ernesto Perez Balladares travels. The president ruled out this possibility:

[Begin recording] [Perez Balladares] I have too much security. I also have full confidence in all security agencies, not only those guarding me but also state security agencies. I have confidence in the National Police, the Judicial Technical Police, the Institutional Protection Service, the National Maritime Service, the National Air Service, all agencies. There is no problem with that.

What happens is that, like everywhere else around the world — and this country is no exception — these types of calls take place. These calls are usually the result of the sick mind of some crazy person. Maybe I will have to change cars. [laughs]

[Unidentified reporter] Do you have a report in this regard?

[Perez Balladares] Not me. I understand security agencies received a call, but that often occurs. In most cases, however, these calls don't have any importance. [end recording]

Union Leader Denies Military Workers' Strike 15 Dec

PA1412235695 Panama City LA ESTRELLA DE PANAMA in Spanish 13 Dec 95 p 24

[From the "Local Briefs" column by Rogelio Antonio Cordova]

[FBIS Translated Text] The leadership of the Local 907 Armed Forces Workers Union [Sindicato de Trabajadores de las Fuerzas Armadas Local 907] has denied that workers of the military bases could declare a strike, starting on December 15, as was recently disclosed.

Alonso Rodriguez, Local 907's education secretary, told this newspaper that "there currently are no intentions whatsoever of declaring a strike, and we do not expect to be adversely affected, because in the previous talks, the expectations in this regard were left for later."

He added that "the employees of the military bases in Panama will not go on a temporary strike, and we explain this position through a report published in a local newspaper."

He pointed out that the only authorized spokesmen of the Local 907 Union are Secretary General Mario Archer, Education Secretary Rodriguez, and the Public Relations Department.

Brazil

Cardoso Rejects Criticism of Administration

PY2112011795 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 20 Dec 95

[FBIS Translated Excerpt] President Fernando Henrique Cardoso is already flying back to Rio de Janeiro after visiting Asia and Europe. Today, in Spain, the last leg of his trip, Cardoso signed an accord between the Common Market of the South and the EU. [passage omitted]

While still in Spain, President Fernando Henrique Cardoso commented on the criticism by Luis Eduardo Magalhaes, Chamber of Deputies president, to the effect that the government does not have a course. President Cardoso tried to minimize the episode.

[Begin recording] [Cardoso] He knows that this administration has a course and that everything is alright. As a matter of fact, he is one of those who help most in setting this course. That would, therefore, be a way of criticizing himself. I do not believe he would do that.

[Unidentified reporter] Deputy Magalhaes would like to see you taking control of the privatization process. Do you think this is a reasonable request?

[Cardoso] Look, I don't know. It is already being said that I have been taking the control of too many things. If I took control of this process, that would be one more thing I would be controlling. At any rate, I will discuss the issue with him. [end recording]

President Cardoso again repeated that the country is no longer under a dictatorship and that cases such as those involving Sivam and the "pink file" folder cannot be solved in an authoritarian manner. He added: The government does have command; what it does not have is choice. I have been raised to oppose dictatorship; I was not raised by the dictatorship, the president said.

Further Reportage on Sivam Surveillance System

Cardoso: U.S. Envoy's Remarks 'Hasty'

PY2012151995 Sao Paulo AGENCIA ESTADO in Portuguese 1439 GMT 20 Dec 95

[FBIS Translated Text] Madrid, 20 Dec (AE) — President Fernando Henrique Cardoso has said that U.S. Ambassador to Brazil Melvin Levitsky made hasty remarks when he said that if the contract between Brazil and the U.S. company Raytheon for the Sivam [Amazon Region Surveillance System] project is canceled, the decision will have an "impact on bilateral relations."

"I have repeatedly said that Brazil is a responsible country. I do something only when there are good reasons for doing it. The ambassador has his own opinion. I think he is going too fast, because neither the government nor the Senate have adopted any measure for breaking the contract." The president made these remarks after attending a ceremony at Moncloa Palace in Madrid. "The government is not thoughtless. It can take action only on the basis of facts. If there are facts, the U.S. Government itself will be the first to expect compliance with the law, banning lobbying and things like that. Yet nothing has been done in this regard," Cardoso added.

The Brazilian president recalled that the special Sivam commission, headed by Senator Antonio Carlos Magalhaes, submitted a document to the Senate, but new documents were submitted saying that the first reports referred to old facts that are no longer valid. "I hope the ambassador will realize this. He knows Brazil well," Cardoso concluded.

Leaders on U.S. Envoy's Comments

PY2112005795 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 20 Dec 95

[FBIS Translated Text] Political leaders have reacted to the comments of the U.S. ambassador to Brazil on the Amazon Region Surveillance System [Sivam] case. The ambassador said that bilateral relations with the United States might be affected if the contract is canceled.

In an interview published by JORNAL DO BRASIL today, U.S. Ambassador to Brazil Melvyn Levitsky defended the U.S. company Raytheon, which has been granted the contract for implementation of Sivam, and said that if the Brazilian Government decides to cancel the contract, there will be an impact on U.S.-Brazilian relations. The interview made former President Jose Sarney, who is now Senate president, react:

[Begin Sarney recording] The ambassador's comments have been very inopportune and, to a certain extent, they interfere with an issue that is being discussed by Congress. [end recording]

In Bahia State, Senator Antonio Carlos Magalhaes, who is the president of the Senate's Foreign Affairs Committee, which is investigating the Sivam case, also reacted to the comments:

[Begin Magalhaes recording] He is defending a U.S. company, but he is doing it in a very inconvenient way. We must have very good relations with the United States, but we should not be subject to the United States. He is evidently acting very badly with regard to our country. We cannot accept this type of pressure from the U.S. ambassador. [end recording]

[Begin Alexandre Garcia report] At the U.S. Embassy in Brasilia, Ambassador Levitsky's advisers have reported that he confirms the terms of the interview, but explains that there will only be an impact on Brazilian-U.S. relations if the contract with Raytheon is canceled without any solid reason. According to the advisers, the ambassador trusts that the Brazilian Government will not annul the contract for mere political reasons.

Senator: Cancel Raytheon Contract

PY2112024995 Rio de Janeiro JORNAL DO BRASIL in Portuguese 20 Dec 95 p 4

[FBIS Translated Text] Senator Pedro Piva (PSDB-SP) [Brazilian Social Democracy Party-Sao Paulo] said yesterday that President Fernando Henrique Cardoso should cancel the government contract with the U.S. company Raytheon, which is responsible for the development of the Amazon Region Surveillance System (Sivam). Piva asserted that the first measure President Cardoso should adopt upon returning from Asia on 21 December is to solve, once and for all, the political crisis that is affecting the administration. "The president is very polite and open to dialogue. But now he will have to be stern," Piva said. One of the principal sectors that would be affected by the cancellation of the project with Raytheon is the Aeronautics Ministry, which is interested in the surveillance of the Amazon region.

Sivam 'Fight' Between U.S., France

PY2112001295 Rio de Janeiro O GLOBO in Portuguese 20 Dec 95 Section 2 p 3

[From Zozimo's column: "Big Dogs' Fight"]

[FBIS Translated Text] There are many things up in the air regarding the fight over the Sivam [Amazon Region Surveillance System] project besides the money involved — $1.4 billion — and commercial airplanes.

There are rockets.

The Sivam really involves a gigantic fight between the governments of France and the United States for strategic reasons.

Brazil shares a 500-km border with French Guiana, where the French Kourou launch center is located, and from where the Ariane rockets are launched. Arianne holds the world record for successful satellite launchings.

If the United States wins the Sivam contract, it will be able to control and spy on all launchings from the Kourou base.

Here is where things really become black: The United States will therefore even have the capability of interfering with Ariane's launch precision.

By sabotaging its rockets.

Editorial Urges 'Full Stop' on Sivam

PY2012142295 Rio de Janeiro JORNAL DO BRASIL in Portuguese 14 Dec 95 p 8

[Editorial: "A Full Stop"]

[FBIS Translated Text] The statement by Aeronautics Minister Brigadier Lelio Lobo — at a public hearing before the Senate super commission that is looking into Sivam [Amazon Region Surveillance System] — has once and for all undermined the possibility of hastily approving the project, disclosing the need for deepening the ongoing investigation.

The effects of the auditing by the National Accounting Office, which has disclosed irregularities within Sivam, and of the remarks by the minister were the opposite to what government leaders in Congress were expecting. Super Commission President Senator Antonio Carlos Magalhaes himself (PFL-BA) [Liberal Front Party-Bahia] and rapporteur Ramez Tebet (PMDB-MS) [Brazilian Democratic Movement Party-Mato Grosso do Sul] have admitted this.

Despite the fact that there is no suspicion over the honesty of the Air Force officers involved in the implementation and design of the project, Brig Lobo showed astonishing unawareness and naiveness over the activities of ESCA [Automation and Control Systems Engineering]. ESCA was selected to manage the project, but was disqualified for having forged INSS [National Social Security Institute] contribution receipts. This was a dramatic event, because of the symbiotic relations between ESCA and the Air Force.

The minister said he was not aware that the ESCA payroll included his direct advisers — among them Brigadier Emanuel Serrano, his congressional adviser and one of the officers who were negotiating the project in the Senate Economic Affairs Committee. The minister was also unaware of another serious event that was mentioned by the TCU report: ESCA had a contract for "entrepreneurial communication" services with Raytheon — the U.S. enterprise that emerged the winner of the selection process for implementation of the project — even before Raytheon was selected.

There is another controversial topic: The minister justified the overpricing of the 486 computers on the grounds that at the time of making the purchase, their technology will be obsolete and it will be necessary to buy another generation of computers, which will be more expensive.

Obviously, none of this invalidates the need for a surveillance system in the legal Amazon region. With its 5.2 million sq km, and with its open and vulnerable borders, there is no actual settlement in this area because of the difficulty caused by geographical features. The effective presence of the state in that remote region calls for strict monitoring of this territory, with advanced technology.

The Sivam project gained credibility thanks to the need to preserve national sovereignty. The system will be operated through an integrated network of telecommunications and images obtained from satellites and sensor systems. It will be the first step toward effective possession of the Amazon region and toward integration of this region into the rest of Brazil. This region is affected by field burnings and forest destruction, and is threatened by drug traffickers and smugglers. It has no health services, schools, transportation and telecommunications.

However, the turbulence and charges pressed in connection with the implementation of the project, have led the president to once again summon the National Defense Council to make a calm reevaluation of the project, taking into account political conditions and the project's inborn faults. A super commission was created in the Senate to resolve possible irregularities in the management of the project.

It was clear that the Air Force is not technologically qualified to evaluate such a complex and obvious matter like the excessive militarization of project management. It was no longer taken into account that Sivam is part of a more comprehensive project, known as Sipam (Amazon Region Protection System), which involves not only the Armed Forces, the Strategic Affairs Secretariat, and the Federal Police, but also the Education, Health, and Environment and Water Resources Ministries.

The proposal by Senator Jose Roberto Arruda to create a special congressional commission to monitor — along with the Aeronautics Ministry — all stages of implementation of Sivam, was equivalent to recognizing that it is necessary to demilitarize Sivam.

The Air Force has actually created a military problem, because it resorted to a dangerous procedure — the adoption of a specific type of equipment in order to obtain unused funds and to use the money for other purposes — improving its position with respect to the Army and the Navy.

Moreover, the way it was managed, Sivam compelled the president to support some political actions, putting him in an uncomfortable situation. The worst thing, however, was to put Sivam in the hands of Senator Gilberto Miranda, the chief of the Manaus duty-free zone and the rapporteur of the Economy and Finances Commission. Wherever he has gone, Miranda has awakened suspicion.

The Senate should now put a full stop to this mismanaged project, without be afraid of wasting exceptional international financial advantages. New proposals will be made. The important thing is to restart, the right way.

Cardoso Says Privatization 'Entrusted' to PFL

PY1912143495 Sao Paulo AGENCIA ESTADO in Portuguese 2128 GMT 17 Dec 95

[By Miriam Moura]

[FBIS Translated Excerpt] Kuala Lumpur, 17 Dec (AE) — President Cardoso today replied to the repeated PFL [Liberal Front Party] criticism of the slow rate of the privatization program. The president recalled that "privatization has been entrusted to the PFL: Electrical energy and petroleum are in the hands of Mines and Energy Minister Raimundo Brito." He reiterated that criticism of privatization "has usually come from the PFL." Cardoso praised Brito by saying that "he is an excellent minister; he has my full support and is doing a fine job properly implementing privatization."

Upon arriving in the Malaysian capital, Cardoso this evening said that "it is very easy to say that privatization must be carried out, but how should it be implemented?" He reiterated that things must be done for the long term, citing the example of Mexico, where privatization was implemented rapidly, with the country's economy relying on speculative capital. "Mexico did it, and you have seen the results," he said.

The president also sent a message concerning the pressure from political allies to reshuffle his cabinet. Asked whether the command of the economy was "unchangeable," Cardoso replied that "nothing is unchangeable," adding however that the problem is that in Brazil "people are permanently trying to hit a target." The president explained that he will think about making changes only if there is a fault, a diversion in the economic policy. "Otherwise, we should operate under a stable regime," he said. He added that he was arriving in Malaysia, where the prime minister has been in power for 14 years. "It is a long period, during which it is possible to change things. In China, people choose a line of work and they go along that line," he said. [passage omitted]

Roundup of Economic Reports Through 15 Dec

PY1512135995

[FBIS Editorial Report] The following is a compilation of reports on economic activities in Brazil monitored through 15 December:

BASIC LEADING INDICATORS

Cellulose, Paper Production Figures — Compared to September, paper production increased by 0.8 percent in October and totaled 483,000 tonnes. During the same period, 427,000 tonnes of cellulose was produced in the country. This represents a 7.13 percent drop compared to September's production. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 12 Dec 95 Section 2 p 2)

Increased Unemployment in Sao Paulo Industries — The level of unemployment in Sao Paulo industries increased an average 1.28 percent in November. This represents the dismissal of 28,016 workers during the month. The number of dismissals since January totals 152,816, representing a drop of 6.52 percent compared to December 1994. (Sao Paulo AGENCIA ESTADO in Portuguese 2255 GMT 14 Dec 95)

FINANCIAL OPERATIONS

Ceara Group Plans Investment in Cuba — Marquise, a Ceara State group, will build a hotel on Varadero Beach, 130 km from Havana, Cuba. The hotel's name will be Caesar Park Varadero. It will cost $25 million, 50 percent of which will be paid by the Cuban state-owned company Cubanacan. In 1994, the Marquise Group — which deals with civil construction and urban sanitation (70 percent), hotels (18 percent), and other areas (12 percent) — realized a profit of 50 million reals, R. The group expects to increase this profit by 10 percent in 1995. (Rio de Janeiro JORNAL DO BRASIL in Portuguese 14 Dec 95 p 15)

FISCAL, MONETARY ISSUES

Tax Collection Figures Viewed — The Federal Revenue Office has reported that November revenues stood at R7.07 billion, 1.31 percent lower than the October figure. This total includes taxes and contributions controlled by all the government organizations. In the case of revenue administered by the Federal Revenue Office, however, the November revenue figure totaled R6.781 billion, 0.88 percent higher than October's figure. This year's accumulated revenue already totals R76.377 billion, surpassing government expectations. (Rio de Janeiro O GLOBO in Portuguese 14 Dec 95 p 44)

BC Deposit Insurance Explained — Banker Roberto Konder Bornhausen, who has been elected president of the Credit Guarantee Fund, has explained that the fund will guarantee the payment of "deposit insurance" of up to R20,000 to clients of banks that are under Central Bank, BC, trusteeship. The BC will cover the R15,000 difference because, thus far, these clients had been able to withdraw only R5,000 from the accounts. (Sao Paulo AGENCIA ESTADO in Portuguese 1956 GMT 14 Dec 95)

TRADE ISSUES

Coffee Sales Abroad Decreasing — Brazil exported 753,900 sacks with 60 kg of coffee each in November. This figure is 23 percent lower than October's. Compared to November 1994, coffee exports this November dropped by 55 percent. So far this year, 11.1 million sacks have been sold abroad; this amount is 16 percent lower than last year's. According to the Brazilian Coffee Exporters Federation, November coffee export revenues have been 3 percent lower than October's. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 13 Dec 95 Section 2 p 2)

Chile

Officials Comment on Socialist Party Elections

SP Senator on 'Dissatisfaction'

PY2012131395 Santiago EL MERCURIO in Spanish 17 Dec 95 p C2

[FBIS Translated Excerpt] Socialist Party [PS] Senator Carlos Ominami yesterday asserted that the results of the recent PS elections reflect, among other things, the dissatisfaction of significant socialist sectors with the situation in Chile and the government's performance.

He said that the Socialist grass-roots support for the government has also weakened. This fact was used for electoral purposes by the winning ticket.

Ominami made this statement as he assessed the PS elections held last weekend confirming Deputy Camilo Escalona in his post.

Ominami said that it is obvious that the conflict that sparked with the government regarding the human rights project generated a huge wave of institutional support that greatly benefited Escalona's candidacy.

He added that the magnitude of this conflict also eliminated any possibility of debate that would have contributed to reveal the advantages offered by the ticket headed by Senator Ricardo Nunez. [passage omitted]

Upon listing the tasks that lie ahead of the new PS leadership, Ominami said that it will have to strengthen the PS presence within the Coalition of Parties for Democracy, repair its relationship with the government, and prepare for municipal elections.

He added that these tasks will be tackled within a framework "of greater social conflicts that may test the CPPD's unity, the government's loyalty, and the president's emphasis on a modernizing agenda, with which the PS does not always feel comfortable."

SP Head: Dialogue With Frei 'Cordial'

PY2112003395 Santiago EL MERCURIO in Spanish 20 Dec 95 p C2

[FBIS Translated Text] On 19 December Deputy Camilo Escalona, president of the Socialist Party [PS], denied rumors that the president of the Republic criticized his statements reaffirming the PS position to veto certain government decisions that could affect "essential matters" for the party.

Escalona said that on 19 December he did speak on the phone with President Eduardo Frei. He pointed out that they had a very cordial talk and that it was nothing spectacular, as some mass media reported.

Government circles stated on 18 December that President Frei was surprised at some statements Escalona made in an interview published in the 17 December issue of EL MERCURIO. During the interview, the reelected PS leader stated that the PS will maintain its veto on certain initiatives by the executive branch which, in the opinion of the socialists, affect essential matters.

A rumor circulated in La Moneda to the effect that President Frei telephoned Escalona early on 18 December to convey to him his disagreement over the socialists' alleged right to the veto, and to tell him that the government will maintain its policy above parties' interests, and consequently will not accept any type of veto from parties comprising the pro-government alliance.

Jose Joaquin Brunner, secretary general of government, said in turn that the government will continue to seek consensus among the members of the Coalition of Parties for Democracy. He added that in no way will the government fail to carry out proposals for the benefit of the people despite the opposition of any of the parties.

Deputy Jorge Schaulsohn, president of the PPD [Party for Democracy], also criticized Escalona's statements. He urged the government to reject them because, in his opinion, they imply bringing back to the country a nefarious practice that seriously damaged democracy in the past.

On 19 December Escalona rejected those rumors and opinions by saying that on 14 December he held a lengthy working meeting with President Frei, and that on 18 December he spoke on the phone with him. He noted that an atmosphere of cordiality prevailed on both occasions.

He said that the reports published by the media on those talks do not reflect the true situation, and that apparently they respond, rather, to an artificial condition created by the need to generate news in the last days of the year.

SP Head: Ties With Government 'Normal'

PY2012130795 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1000 GMT 20 Dec 95

[FBIS Translated Text] Socialist Party [PS] President Camilo Escalona has said that relations between his party and the government have not changed. Escalona has confirmed that he has received a telephone call from President Eduardo Frei, but that the repercussions of this call should not be exaggerated.

[Begin Escalona recording] It was a fully normal chat within a fully cordial climate, which of course is of a private nature, appropriate to a conversation with the president of the Republic, but deprived of all spectacular characteristics that were given to it. I want to stress to the people in general that they can rest assured that relations between the Socialist Party and the government are absolutely normal. [end recording]

A representative of the PS renewal faction also spoke on the matter, who referred to the stance his sector will assume. [Begin PS Secretary General Gonzalo Martner recording] We are going to provide all our cooperation, and a loyal cooperation always implies points of view we might not share with the majority. But our position is that of trying to enhance the party and of seeking the best results throughout the country in the municipal elections, and of consolidating the PS among the people, and thus, our commitment is with the Socialist Party and its enhancement. [end recording]

PPD Head's Remarks Cause 'Uneasiness'

PY1912200995 Santiago EL MERCURIO in Spanish 15 Dec 95 p C2

[FBIS Translated Excerpt] Remarks made by PPD [Party for Democracy] President Jorge Schaulsohn have caused uneasiness and arguments within the Socialist Party [PS] and the PPD. Schaulsohn had said that the victory of Camilo Escalona within the PS would result in a strategic distancing between the two political groups, and invited those defeated renewed sectors of the PS to join the PPD.

These remarks, considered offensive by Deputy Escalona, were also rejected by other PPD leaders who call for the maintenance of a tight environment of cooperation between the two forces within the ruling coalition.

On 11 December Schaulsohn went to congratulate the reelected PS president for his victory in the internal elections, but on the occasion he declined to make comments on that issue. On 13 December, however, he said that the victory of the traditional leftist line of the PS would separate that party even further from the PPD, and in practice it would mean undermining a privileged relationship of understanding between the two organizations.

Schaulsohn said that the PPD represents a progressive project of the center-left that looks toward the future, unlike the most orthodox leftist sectors which won the socialist elections.

He added that one sector of the renewed socialists is part of the PPD and that this is open to receive new members.

These remarks made by the PPD leader have prompted a new factor of tension within the progressive wing of the government coalition and reflected a new cooling of relations between the PS and Schaulsohn's group. This separation started some three months ago and had its origin in the different positions the two parties assumed relative to the human rights issue the government has agreed upon with Senator Miguel Otero (RN).

Schaulsohn and Christian Democratic Party President Alejandro Foxley have supported the project agreed upon by Otero and Interior Minister Carlos Figueroa, while Deputy Escalona was tenaciously opposed to the text of that project from the very beginning. [passage omitted]

National Renewal Leaders Admit 'Crisis' Over Reform

PY2012214195 Santiago EL MERCURIO in Spanish 16 Dec 95 p C2

[FBIS Translated Text] National Renewal [RN] leaders have admitted that the party is experiencing internal tensions and a crisis especially over differences on the issue of constitutional reform.

One element that aggravated the crisis in the past few days is the controversy between former Senator Sergio Onofre Jarpa and RN First Vice President Deputy Alberto Espina.

Jarpa adamantly opposes the constitutional reform initiative approved by the General Council of Temuco and launched an offensive at different levels to have the decision changed. Jarpa insists that council members who approved the erroneous measure were persuaded by the leadership.

Some RN senators and deputies have expressed their opposition to the reforms and have sided with Jarpa.

Espina yesterday admitted that there was a rebellion in the party headed by a group of senators who refuse to accept the General Council decision "and we are in a process of persuasion."

Espina said that former Senator Jarpa is not part of that group because he has spent the past six months trying to divide the party by opposing different party initiatives. Espina said: "Jarpa is stepping over the boundary of what is tolerable inside the party."

Even though criticism against the former RN president and former military government interior minister is abundant, no one wants to present a formal accusation against him at the Supreme Tribunal. This situation is worth noting because any party member can present such an accusation.

Alberto Espina eluded to taking steps on the matter, saying that the national executive and the political commission must decide if a complaint will be presented against Jarpa at the Supreme Tribunal.

Espina said it is regrettable and sad to see a leader like Jarpa making "foolish and repetitive" declarations and constantly creating conflicts within the RN.

Senator Francisco Prat, who is also opposed to the constitutional reform project, admitted that the RN is going through a period of institutional tension. "That is obvious," he said, adding that once the issue of constitutional reforms is overcome all problems will be resolved without hurting the party.

Prat said the world of politics is dynamic and it is probable that new issues will show up in 1996.

UDI, UCCP, RN Dissidents Promote Center-Right Unity

PY2012133095 Santiago EL MERCURIO in Spanish 16 Dec 95 p C7

[FBIS Translated Text] The Progressive Center Center Union [UCCP] General Council on 15 December held a meeting at the former National Congress building with the presence of National Renewal [RN] and Independent Democratic Union [UDI] leaders.

This is the first time that representatives from the three main parties that comprised the Union for Chile Pact met after the withdrawal of the UCCP, that the UDI had declared that RN alienated itself from the opposition alliance. Former RN Senator Sergio Onofre Jarpa also attended the meeting. In 1992 and 1993, Jarpa had rejected any electoral pact or any kind of agreement with the UCCP and its leader, Senator Francisco Javier Errazuriz.

The shared view among those leaders attending yesterday's meeting was their unanimous decision to reject the constitutional reforms. The RN leaders present at the meeting are those representing the group that opposes RN General Council decision on the constitutional amendments.

Also present at the meeting were Deputies Pablo Longueira, Juan Antonio Coloma and Carlos Bombal, from the UDI; Senators Francisco Prat and Julio Lagos; and Deputies Alberto Cardemil and Carlos Vilches, from RN; Independent Senator Arturo Alessandri, and Senator-designate William Thayer.

Errazuriz recalled that the RN sought to exclude the UCCP from the 1992 municipal elections. He also criticized those who seek a political leadership by forsaking ideals, like the upholding of human rights, for political issues, such as the constitutional reforms.

The speeches delivered by Longueira, Coloma, Thayer, Alessandri and Jarpa agreed on the need to rebuild the unity of the center- right as the only means to formulate an effective opposition.

Roundup of Human Rights Cases

96P20160A

[FBIS Media Note]

Temuco Missing Persons Case

In an "unprecedented and historic" ruling, the Second Chamber of the Supreme Court unanimously sentenced former Carabineros Mario Ponce and Domingo Campos and civilian Eduardo Salazar to four and a half years in prison for the detention and disappearance of Jose Julio Llaulen Antilao and Juan Eleuterio Cheuquepan. Llaulen and Cheuquepan were Mapuche peasants from the Lautaro area who were detained in July 1974 in Temuco. The court did not apply the amnesty, and it confirmed the ruling of the Temuco Appeals Court.

The original sentence had been handed down in September 1993 by Lautaro Judge Cristian Alfaro and unanimously confirmed in March 1994 by the Second Chamber of the Temuco Appeals Court. On 5 December, the Supreme Court denied the defendants' appeal for dismissal and complaint appeal, upholding a ruling that sets a precedent for cases from the 1973-78 period, which is covered under the 1978 Amnesty Law. The judges ruled that the actions investigated in the case were "criminal offenses that continue after the actions themselves," and that there can therefore be no limitations on their prosecution nor can the amnesty be applied.

Alfonso Insunza, the plaintiffs' lawyer, said that the ruling "will have some impact on the discussion of the law in the Congress, because it shows that there is not a single established precedent in the Supreme Court. There has apparently been a change in the interpretation, and so this is a historic ruling: These are the only defendants to be sentenced in a case of arrested and missing persons." The defendants must also pay civil damages of 3 million pesos for Cheuquepan (who was 15 years old) and 2 million pesos for Llaulen. (Santiago LA NACION, 6 December)

"Burning" Case

The First Chamber of the Supreme Court has rejected by five to one a final petition submitted by the defense on behalf of Captain Pedro Fernandez Dittus. Fernandez is now obligated to serve a 600-day sentence for the quasi crime of homicide in the death of Rodrigo Rojas Denegri and the quasi crime of serious injuries to Carmen Gloria Quintana. Fernandez was the commander of the Army patrol that detained and then set Rojas and Quintana on fire in July 1986 in Central Station Municipality; Rojas died four days later from his burns. The Santiago military court judge must now issue an arrest warrant for Fernandez. The final word on where he would serve the sentence belongs to Claudio Martinez, director general of the Prison Police; it is expected that Fernandez will enter the Punta de Peuco special prison. (Santiago EL MERCURIO and LA NACION, 6 December)

Soria Case

In one of the "last chapters" of the Soria case, on 5 December the Criminal Chamber of the Supreme Court began hearing the appeal presented by lawyer Alfonso Insunza concerning Instructing Magistrate Eleodoro Ortiz Sepulveda's refusal to reopen the investigation of the murder of Spanish citizen Carmelo Soria Espinoza and try three Army officers. If the Criminal Chamber confirms the ruling by Judge Ortiz, the latter will be able to rule on the main issue, which is whether the Amnesty Law can be applied in this case or not. (Santiago EL MERCURIO, 5 December)

Operation Albania Case

Lawyer Nelson Caucoto has announced that he will formalize a request to the president of the Chamber of Deputies for the Chamber to again ask the Supreme Court to appoint a special judge in the case of the death of 12 people during what was called "Operation Albania" in June 1987. The Court has refused on three occasions to appoint a special judge. The first time was in 1987, shortly after the events, in response to a request by the Vicariate of Solidarity. On 23 July 1994, the Court rejected a request by Jorge Schaulson, then president of the Chamber of Deputies. In August

1995, another request by the plaintiffs' lawyer was denied. Caucoto also stated that he is waiting to meet with the member of the State Defense Council who was appointed to handle the case after the Council decided last week to become a party to it. This decision was made because the military court had classified the actions as qualified homicides and public servants were implicated in the case. (Santiago EL MERCURIO, 5 December)

MIR Cases

A request to extend the criminal case concerning the kidnapping and disappearance of MIR [Movement of the Revolutionary Left] members Barbara Uribe Tamblay and Edwin Van Yurick Altamirano has been submitted by Viviana Uribe Tamblay and lawyer Hernan Quezada Cabrera. The request is directed against Brigadier Miguel Krasnoff Martchenko, Noncommissioned Officer Basclay Zapata Reyes, and retired Colonel Marcelo Moren Brito, who according to the plaintiffs possibly participated in the crimes. On 26 October the Supreme Court had accepted a complaint appeal submitted by former DINA [National Intelligence Directorate] collaborator Osvaldo Romo Mena and definitively dismissed the case against Romo by applying the 1978 Amnesty Law.

Lawyer Sergio Concha has petitioned the Fourth Criminal Court of Santiago to call alleged DINA agents Eduardo Iturriaga Neumann and Luis Enrique Riffo for questioning in the case of the disappearance of MIR member Pedro Enrique Poblete. (Santiago EL MERCURIO, 5 December)

Human Rights Report

The final report of the National Corporation for Reparation and Reconciliation—the successor to the Rettig Commission—states that 3,197 individuals were killed or missing through political violence and human rights violations in Chile between 1973 and 1990. The Corporation's work had three main goals: establish the real number of victims, make reparations to their relatives, and determine the whereabouts of the missing persons' remains. Although the Corporation was successful in the first two goals, it has not succeeded in obtaining information about the remains. Of the victims, 2,095 were killed and 1,102 are missing after having been arrested by state agents; 2,774 cases are classified as resulting from human rights violations and 423 from political violence.

The Corporation's legal existence ends on 30 December, although the government is trying to extend it, since the task of finding the remains has not been completed. The Corporation investigated a total of 4,750 reports, confirming 3,197; 113 cases were reported outside the period established by law or did not provide enough information to be investigated. The Corporation's figures show that the "reprisal actions by state agents" affected workers the most. There were 1,108 victims (34.7 percent) classified as blue-collar workers or peasants, 332 (10.4 percent) as private or public white-collar workers, 70 (2.2 percent) as farmers, and 45 (1.4 percent) as unemployed or occasionally employed. A total of 173 victims (5.4 percent) were members of the Armed Forces or police agencies. Most of the victims were 16-30 years old (1,941 or 60.7 percent) and 80 (2.5 percent) were less than 16 years old. (Santiago LA NACION, 5 December)

Colombia

Samper Appoints Medellin New Justice Minister

PA2112013095 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 21 Dec 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] President Ernesto Samper appointed Carlos Medellin new justice minister a few minutes ago. Medellin currently holds the post of legal secretary of the Presidency. The President's Office has just confirmed the appointment of Medellin as new justice minister.

Five or six more changes in President Samper's cabinet will be announced tomorrow.

President Interviewed on Pact, Military Command

PA2012155895 Santa Fe de Bogota Radio Cadena Nacional in Spanish 0100 GMT 20 Dec 95

[Interview with President Ernesto Samper Pizano by unidentified reporters; moderated by Roberto Pombo; at the Radio Cadena Nacional Studios in Santa Fe de Bogota on 19 December; broadcast in progress — live or recorded]

[FBIS Translated Text] [Samper] ...if there is one thing wrong with this country it is the manner in which during the past 15 years drug trafficking has attempted to infiltrate, not only political activities but also commercial, economic, tourism, and agricultural activities. During the past four months I have been able to witness how some individuals would make a big deal about what was taking place. I, in my innermost self was well aware that many of these same individuals, whom I am not going to hold up to public discredit, in one way or another had been victims of that social and economic infiltration that we have endured with drug trafficking.

It is for this reason why [words indistinct], and it this reason why this cross which I am bearing is a cross that does not belong only to me. However, I am convinced and optimistic that Colombia, if it undertakes an act of atonement, will be able to overcome the drug trafficking problem. I am optimistic and would like to transmit this optimism to the country, but we must do it on the basis of saying the truth to each other, by discarding all hypocrisy, of not continuing with the tenet of: I will not interfere with anyone so that no one will interfere with me. This is such a serious problem that it concerns all Colombians and we must face it with determination, sincerity, and honesty.

[Reporter] Can I pose another question?

[Pombo] Short and concise, please?

[Reporter] I believe you did not answer the second part of the question, Mr. President.

[Samper] It is probably because you asked three questions.

[Reporter] I will repeat the question. What are your current relations with, for example, Dr. Alfonso Lopez Michelsen who has not made any pronouncements on your behalf, or with Dr. Cesar Gaviria who has not supported you either? Only Dr. Julio Cesar Turbay has expressed his public support for you. I am referring now to support received following the decision.

[Samper] I believe that we have surpassed those days when we had to assemble all the former presidents so that the system would not disintegrate. I believe that at this time whatever support I have been receiving is coming from the people, as well as the economic and social sector. My relations with Dr. Gaviria are based on the situation in which he may find himself at this time. Our relations are...

[Reporter, interrupting] Warm?

[Samper] ...as distant as may be as the relations that can be established between the president of Colombia and the secretary general of the OAS.

[Reporter] Distant?

[Pombo] Rafael Santos.

[Samper] Well, he lives in Washington and I live in Santa Fe de Bogota.

[Reporter] I understand, Mr. President.

[Moderator] Rafael Santos.

[Santos] Mr. President, if I were in your shoes, and if we were to use the same yardstick to measure friendship, how can you sleep at night knowing that despite your long social and political friendship with you right hand man, former Minister Fernando Botero, and despite the loyalty he has shown you, he ended up being the scapegoat and probably the only high level official of your campaign held responsible for having accepted funds from drug trafficking?

[Samper] Rafael, you are posing a hypothesis which I do not accept. You are posing the hypothesis that he is guilty, and that he will end up being convicted. The premise I believe in is that he is innocent and that consequently, he will end up being exonerated. It is for this reason why I cannot answer your hypothesis since it would be as if tomorrow [words indistinct]. I reject your hypothesis.

[Pombo] Another question?

[Santos] Mr. President, five more minutes, please. If you were able to rewind the film, in other words, Ernesto Samper, Liberal candidate to the presidency of the Republic, apprehensive because of the challenge posed by the Conservative Party candidate, and in a position to do something to prevent drug trafficking funds from entering the campaign, do you believe that if you had done something sooner it would have prevented drug trafficking from entering?

[Samper] As far back as two years ago I was aware that something had to be done, which was what I did exactly. I issued a code of ethics, appointed an ethics prosecutor...

[Santos, interrupting] Yes, but he never did anything.

[Samper] I established... [pauses] Careful, we are not sure about that yet.

[Santos] Well...

[Samper, interrupting] You are starting from the presumption that everything has been proven and I disagree...

[Santos, interrupting] On the amount?

[Samper] No, I disagree completely. Not even [words indistinct]. I believe those controls I mentioned worked well. Now, whether or not they were insufficient, I am prepared to accept such a debate. However, please allow me to advance the film instead of rewinding it. I believe that this country must move forward, and I will allow myself to advise the next candidates since we can say that I am practically out of the market. We should all agree to establish laws that will never again allow the nightmare we have gone through to take place again. The state should fully underwrite all presidential campaigns, legal controls to be set up, and all sorts of screening processes to be set up so that this can never happen again.

[Santos] Since we are talking about what is coming and you are currently reorganizing you cabinet, have you carried out any reorganization which you can announce?

[Pombo] [words indistinct]

[Samper] No. [Laughter]

[Santos] Speaking seriously now, are there...

[Pombo, interrupting] We have been speaking seriously here.

[Samper] Well, what can I say to you. Let me think about it.

[Santos] How can you not know?

[Pombo] We will be back in a couple of minutes.

[Pombo] We have very little time left. I am going to ask you that each question with its answer take only one minute so that we may have a final round. President I beg you to give us some news about the cabinet.

[Samper] As you know, today we signed the Social Pact. This is a second version of the Social Pact. It will allow us to suitably manage next year's inflation, salaries, and productivity. In this process there is a person who caught my attention in a very special way. He represents the interests of the working class, a person who has always been willing to serve the interests of his sector, but with a sense of nation. That person is Orlando Obregon. A few minutes ago I offered to Orlando Obregon the Labor Ministry because I think this country must have social leaders if we really want to have a social-minded government.

[Pombo] Did he accept the post?

[Samper] He accepted.

[Pombo] More names, Mr. President.

[Samper] Are there not any more questions?

[Pombo] What an elusive president. Next round, quickly, Trujillo.

[Trujillo] A new woman in the cabinet?

[Samper] Are you nominating yourself as a candidate? [laughter] No, there will be no [words indistinct] in the cabinet, even if I am to be stabbed because of that.

[Trujillo] But the two women will be out.

[Samper] Who says that the two women are going out? Why do you make such assumptions?

[Trujillo] You did not accept the resignation of Maria Sol Navia?

[Samper] Maria Sol leaves and Orlando Obregon is in.

[Trujillo] What about Cecilia Lopez?

[Samper] She is an excellent minister.

[Reporter] Ratified!

[Trujillo] Mr. President, I have information that the U.S. Government will retaliate against Colombia, in the foreign exchange arena. I have information that the U.S. Government asked your government, when the military structures were going to be changed, to remove General Zuniga as commander of the military forces. I have been informed that the U.S. Government will suspend his visa to the United States.

[Samper] The first part is completely false. I, as president, would never accept any suggestion, and I suppose the U.S. Government would never suggest, any kind of change in the military command. This would be unacceptable for me. I know nothing regarding the visa [words indistinct].

[Trujillo] [Words indistinct]

[Samper] [Words indistinct] the person I confronted in the elections. I offered him a political pact, but he preferred electoral space. He is entitled to do that. As president I respect him. He is a citizen who deserves my respect, but if a crisis situation arises again, I am willing to make conciliatory gestures again to anybody to demonstrate to the people my conciliatory position in difficult moments.

[Trujillo] Can I continue with this issue, discussing the protagonists?

[Samper] There are no rules of the game.

[Pombo] But be brief.

[Trujillo] If Andres Pastrana were president and you were in the opposition. What would have you done in the face of Andres Pastrana's Case 8,000?

[Samper] I would not have hesitated to ask Andres Pastrana to do what I have requested as president: to let constitutional courses of action lead to a decision and to accept rulings.

[Trujillo] Would Congress' Liberal Party majority exonerated him?

[Samper] [words indistinct]

[Trujillo] I do not want to offend presidential [word indistinct], but in crises such as this [words indistinct] what is the formula?

[Samper] You are seriously offending me. No, I think I am in that weight category. This gives me the opportunity to tell televiewers that the crisis has not affected me physically. You are right about that. Some people who visited the palace and saw me walking around and with open eyes were surprised. They exclaimed in shock: By golly, he is walking! Look: He is laughing, and he can talk! They thought that I was against a corner with a broken leg and [words indistinct]. I have the personal satisfaction to say that the crisis has not affected the country's dignity or the stability of my family. This is very important.

[Reporter] One half-round now, Mr. President. Please answer with one syllable. Did you receive the drug-trafficking [words indistinct]?

[Samper] I do not know about that event.

[Reporter] Mr. President you have divided the country in two, the plotters and the nonplotters. Who are the plotters? Please identify them.

[Samper] All of them?

[Reporter] Some of them.

[Samper] No. I have spoken of a coincidence of cracks. There have been very hard moments, very difficult moments. Now that the commission has passed a ruling, now that this is the Christmas season, I offer my hand to all those people and tell them that as president I keep no rancor over what has happened and ask them to work together for Colombia. What the Colombians want is for the government to continue functioning. Many people think the government took a vacation during the crisis. Not so. If one satisfaction I have is that I never took one single minute from my government agenda to give it to the other agenda.

[Reporter] Mr. President, do you fear that Fernando Botero will speak up?

[Samper] Not at all. If he speaks, he will speak about his innocence and this is what I need: that his innocence be acknowledged.

[Reporter] Why didn't you accept an investigatory commission different from that of Mogollon?

[Samper] That was not my decision. That was the decision of the commission, which appointed an investigating representative. I would have been open also to the 15 investigating representatives.

[Reporter] Describe Santiago Medina with one word.

[Samper] I do not want to describe him.

[Pombo] The time is over. Mr. President, we have exactly one minute left. Tell the people of Colombia in this one minute whatever you wish to tell them.

[Samper] This has been a difficult process [words indistinct] this is why in this time of Christmas, of peace and calm, I want to categorically renew my appeal to all the Colombians to work united to push the country forward. Colombia deserves this effort. I invite you to participate in this task. I wish all the Colombian people, beginning with you [words indistinct] and I thank you for permitting me to [words indistinct].

Image 'Positive' After Interview

PA2012195195 Paris AFP in Spanish 1237 GMT 20 Dec 95

[FBIS Translated Text] Santa Fe de Bogota, 20 Dec (AFP) — The television interview granted by President Ernesto Samper to six prominent journalists last night left a positive image among Colombians, according to a survey conducted by EL TIEMPO newspaper immediately after the program and published on 20 December.

Out of a total of 646 persons, who received phone calls, 65 percent said they were convinced by the head of state, while the remaining 35 percent said otherwise.

EL TIEMPO newspaper said the president's image "greatly improved" because 58 percent considered it good, 28 percent considered it acceptable, and 14 percent considered it bad.

The survey was conducted by the firm Yankelovich and Acevedo Asociados in Santa Fe de Bogota, Medellin, and Cali.

During the one-hour interview, Samper proclaimed his innocence regarding his alleged responsibility in the narcofinancing of his election campaign, even though he did refrain from confirming or flatly denying if there was Cali Cartel money involved in it.

After insisting that he will not resign as president because it would be a cowardly act to leave the country in crisis, Samper called for a fair trial for some of his collaborators, including former Defense Minister Fernando Botero, who managed his campaign and who is currently under arrest.

Finally, members of certain associations, who were questioned today, 20 December, said they believed the president's intervention was acceptable but hinted that on certain topics the president was evasive.

Samper Testimony Called 'Weak Defense'

96CA0090A Santa Fe de Bogota EL TIEMPO in Spanish 12 Dec 95 p 5A

[Commentary by Francisco Santos]

[FBIS Translated Text] I read in great detail the interrogation of President Ernesto Samper conducted by Heyne Mogollon. A key element in the investigative process being carried out based on the entry of money from the drug traffic into the last presidential campaign, it nevertheless contributes little that is new to the case records.

The truth is that I was left astonished by the weak defense of the president, who used as his only recourse total ignorance of any action on the part of his subordinate officials during the campaign.

In other words, the campaign was a completely loose cannon with which the president had no connection, except for the 3 billion pesos that he obtained directly from the three leading economic groups for the runoff election.

However, when one reads carefully, inconsistencies appear that should be explained, because a president of the republic cannot afford them in a judicial process.

First, in discussing the campaign financing, the president does not remember who the members of the financial committee were. "I don't have the exact list," or "I don't recall whether they were formally connected," he claims in two asides, at the beginning of the statement.

Nevertheless, when he is required to specify his relationship with Elizabeth Montoya de Sarria, and the regional money, he does remember all the names there. "In Valle del Cauca it was Doctor Jorge Herrera; in Narino, Doctor Julian Narvaez...; and in Antioquia, Doctor John Gomez Restrepo."

It is difficult to understand how the names of the national committee members could be unknown, while those of the regional committee members are: perhaps a case of selective amnesia.

The same thing occurs with the collection of funds. The president never learned about the handling of the money, nor did he become involved in that area: a responsibility of Fernando Botero (whose name he drops on several occasions). Furthermore, he found out about the use of accounts abroad through the press, as he did in the case of the 20,000 T-shirts. But when asked about the $70,000, he did produce a detailed report of the drawing held for an automobile by the Gnecco family.

The numbers given by the president on the campaign financing also are completely contradictory. At first, he mentions a total of 3.8 billion; although he makes it clear that "there is a great deal of confusion." Later, he claims that he himself, personally, collected 3 billion for the runoff election. So, was only 800 million spent on the first election?

An ex-president of the ANIF [National Association of Financial Institutions] and ex-minister of development who is unfamiliar with numbers is incredible. A presidential candidate who does not have the principal figures on the campaign in his head is unacceptable. Tell that story to someone else.

Furthermore, no one understands that constant memory lapse of the president regarding the operation of his campaign. Regardless of how detached a candidate may be, he must hold the reins of his campaign to some extent.

More understandable, on the other hand, is the confused examination conducted by Mr. Mogollon, in which he let himself be silenced. After all, he is a freshman congressman into whose lap this "hot potato" fell by chance.

And, finally, whereas Santiago Medina's unsworn statement has cohesion, and is consistent, with a few inaccuracies, we must admit that it has another great difference from that of President Samper: the delivery of evidence.

The signed receipts, the parallel accounting, as well as the copies of checks turned over to the courts by Medina, not only have made it possible to demonstrate a falsehood in a public document, but also have been the grounds for investigations that have put an ex-minister, a high-ranking campaign director, and more than one congress member in jail.

If we are in a country of law, such legal decisions should be the result of something more than a "fictional story," a "feverish imagination," or a "perverse intention": the terms with which Ernesto Samper describes the testimony given by the treasurer of the last Liberal campaign for the presidency.

Political Crisis Seen Affecting Economy

96CA0089A Santa Fe de Bogota SEMANA in Spanish 12 Dec 95 pp 60-62

[FBIS Translated Text] *Although the economic indexes have been upset by political events, the greatest problem lies in the widespread fear.*

One of the most quoted comments in Colombia is the one claiming that the country is doing badly, but the economy is doing well. And, although that assertion could be corroborated based on the figures available in 1995, there are indications that several warning lights have been turned on by the political crisis. In other words, the economy might begin paying the potential costs of the uncertainty during the coming months, because the gas contained in the country's tank sufficed only to meet this year's goal.

First, the good news. A few weeks ago, the National Planning Department claimed that the growth in overall production during the early months of the year stood at 5.5 percent: a satisfactory figure to the experts, and similar to that posted in 1994. According to the Planning Department, the first quarter of the year was very good, the second only fair, and a recovery occurred in the third. The causes of that situation reportedly were, on the positive side, the good coffee harvest, the performance of public spending, and the recovery in oil production, among other factors.

There was good news on other fronts as well. Inflation may prove lower than 20 percent for 1995, although the Social Pact goal may not be met. Foreign investment is still arriving and, despite the Mexican crisis, Colombia has the confidence of the international financial markets. Moreover, exports have increased more than imports for the first time in recent years, owing to the recovery in the exchange rate.

Thus far, everything seems very good. Nevertheless, the skeptics point with concern at the red lights on the economy's control panel. The first group consists of the indicators associated with the climate of confidence. The most obvious example is that of the dollar which, throughout the second half, has been the object of speculation stemming from political events. The rise in the devaluation rate was evident after Santiago Medina's arrest and consecutive reports in the same vein. Although, during September, the Bank of the Republic succeeded in instilling confidence in the market, claiming to have the will and the resources to protect exchange stability, that did not prevent the dollar from reaching 1,000 pesos. And, although foreign currency has remained under that level during the past few days, the fact is that the peso devaluation exceeded the goal of the Bank of the Republic and the most ambitious official calculations on that subject.

The stock market also has reflected the fears regarding the economy's future. The Bogota Exchange's index, which exceeded 1,000 points in January 1995, now stands at about 675 points: a decline that is not commensurate with the balances of the leading business firms. The big purchasers of the past, foreign funds, have preferred to remain unmoved since August, and the volume of transactions with these securities has been cut by over a half. Although the analysts suggest that interesting opportunities are beginning to appear in the area of stock shares, purchases are contingent on the developing political situation.

An additional factor, the practical effects of which still remain to be seen, is that of the private sector's expectations. The opinion poll taken by Fedesarrollo [Federation for Development] shows the worst results of the decade, comparable only to the worst months of 1989, at the time of the open war against the Medellin Cartel. At first glance, that might not have major effects, unless the investment decisions are affected by the business owners' interpretation. Fedesarrollo maintains: "Nearly a third of the industrial investment plans have been postponed or cancelled because of the political and economic uncertainty." That position is a serious warning bell concerning the future, indicating great signs of questions about future growth. In other words, if industry does not purchase machinery now, production can hardly increase within a few years: a situation in contrast to the high investment levels of 1993 and 1994.

To culminate the troubles, there are other circumstances that are not helpful either. High interest rates and credit restrictions have affected the performance of demand, and various sectors have felt the effects. This has happened to housing construction, which is undergoing a correction after over three years of prosperity. Nor are the manufacturing figures the best. According to the DANE [National Administrative Department of Statistics], industrial growth in August fell short of that attained during the same month of 1994, thereby confirming a downward trend in the productive sector. The ANIF [National Association of Financial Institutions] maintains that, in fact, industrial production between June and August dropped 1.6 percent, and that 23 out of 29 subsectors experienced a contraction. The September employment figures also showed a setback, revealing obstacles to the fulfillment of Ernesto Samper's promise to generate 1.5 million new jobs.

And, although no one believes that the economy will suddenly decline, several experts claim that a Colombian style recession is possible: from a growth exceeding 5 percent, it could move to one of less than 3 percent. The high rate of public spending and the growth in oil production at Cusiana would help to keep the economy on a moderate course.

Although slowdown problems such as these can occur in any country in the world, the critical aspect in this case is the interpretation being given to what has happened. Apart from the position of the Bank of the Republic or the fears that have arisen over tax reform, many business owners are blaming the political crisis. This situation is generating a vicious circle, in which the government ends up being blamed, even for events that are beyond its control.

Such circumstances are causing the relationship between the progress of the economy and case 8000 to end up becoming part of the reality, but, most particularly, being associated with many of the perceptions. Nevertheless, so long as the negative impressions remain, the figures could really begin to deteriorate. And this factor would be serious for a government which, despite its loss of maneuvering capacity in the political realm, still hopes that the economic figures will help it to convince the population that this administration, despite all the obstacles, is the one of the people's time.

Industrial Production Drops (not including coffee processing) [figures in percentages]

Year	Jan-Aug	Jan-Dec
1991	-0.62	0.31
1992	3.99	4.81
1993	5.50	4.98
1994	5.06	4.71
1995	3.28	

Source: DANE

Ecuador

Army Chief Disputes Report on Peruvian Missile Purchase

PY2112015195 Madrid EFE in Spanish 1917 GMT 20 Dec 95

[FBIS Translated Text] Quito, 20 Dec (EFE) — Ecuadoran Army Commander General Paco Moncayo said today he does not believe the news about the eventual purchase of "Scud" missiles by Peru, as reported on 19 December by a U.S. daily.

"The news was published by a U.S. daily from unqualified sources. I believe we should take this news with caution because if it is true, it would really be alarming," said Moncayo in an interview with the Ecuadoran "Gamavision" television network.

General Moncayo said that if the newspaper report is confirmed, "it would substantially change the strategic equilibrium in the region and could lead to an undesirable arms race in Latin America."

The U.S. daily THE WASHINGTON TIMES published a report on 19 December citing unidentified U.S. espionage sources, stating that Peru secretly negotiated with North Korea, from April to October of this year, the purchase of "Scud" missiles worth $52.5 million.

According to the daily, the negotiations — it is not known how advanced they are — involve the purchase of the "C" model, which is similar to the missile used by Iraq during the Persian Gulf war and which North Korea has already sold to several countries, including Syria and Iran.

General Moncayo expressed the hope that "relations with Peru will become clearer in January, and that measures of mutual trust will continue to be strenghened."

Ecuador and Peru, which are engaged in a peace process, waged an undeclared war early this year over an unmarked area in the Amazon border region.

President To 'Safeguard Democracy' by Keeping Post

PY1612011995 Quito Voz de Los Andes in Spanish 2300 GMT 15 Dec 95

[FBIS Translated Excerpt] An Ecuadoran minister said today the government will safeguard democracy in Ecuador through President Sixto Duran-Ballen's permanence in his post.

Minister of Government Javier Ledesma said: I believe the best thing the government can do to safeguard democracy and the electoral transition process is for the president to remain in his post.

Ledesma said Duran-Ballen has shown his respect for the freedom of opinion and tolerance in view of recent declarations in the case of alleged embezzlement of public funds.

However, he said tolerance should not be mistaken for weakness. The country cannot tolerate the fact that simple statements, without any evidence, turn into accusations and, worse still, ways to get the country to do away with the democratic system.

Ledesma accused the political sectors that requested the president's resignation, of trying to prevent the upcoming elections. The atmosphere has reached such levels that the proposal for the resignation of the president shows that some political sectors do not want elections.

Several politicians sought the president's resignation after a former public servant accused him of alleged pressure to obstruct investigations into an alleged embezzlement of public funds involving his former Vice President Alberto Dahik. [passage omitted]

Communique Issued Following Talks With Peru

PY1512163995 Madrid EFE in Spanish 0105 GMT 14 Dec 95

[FBIS Translated Excerpt] Quito, 14 Dec (EFE) — Ecuadoran and Peruvian foreign ministers Galo Leoro and Francisco Tudela, respectively, will discuss the issue of acquisition of weapons by their two countries during the meeting they are scheduled to hold in Lima in January, one year after the war Ecuador and Peru waged at the beginning of the year.

This is reported in the joint communique that was issued at the end of a meeting Ecuadoran Deputy Foreign Minsiter Marcelo Fernandez de Cordoba and Peruvian Deputy Foreign Minister Francisco Voto- Bernales held today.

The two deputy foreign ministers, who will hold another meeting in Lima during the first quarter of 1996 with the purpose of strengthening bilateral diplomatic consultation mechanisms, avoided discussing their respective governments' eventual plans to purchase weapons.

On 12 December Peruvian Foreign Minister Francisco Tudela stated that the Peruvian Government will verify reports to the effect that Ecuador purchased Kefir planes. He added that this purchase "would represent an alteration of the current balance" in the pacification process.

On the eve of Voto-Bernales' arrival in Quito, the State Communications National Secretariat (Senacom) reported that Peru is negotiating the purchase of eight Russian-made combat planes and the acquisition of other weapons from China.

In remarks to the press, Voto-Bernales said that during their meeting within the framework of the Fifth Ecuadoran-Peruvian Diplomatic Consultation Mechanism, the deputy foreign ministers discussed the upcoming establishment of the Good Neighbor Commission, which will be headed by the Ecuadoran and Peruvian foreign ministers, and includes a planned encompassing of both the public sector and private enterprise.

According to the joint communique, Ecuador and Peru will soon sign agreements on health cooperation during natural disasters, the protection of their cultural patrimony, and the validation of their respective school titles.

According to a press release, Voto-Bernales also paid a courtesy call on Ecuadoran President Sixto Duran-Ballen. During the visit, Voto-Bernales gave Duran-Ballen a book on Peruvian painting, while the head of state reciprocated by giving him a book on the Galapagos. [passage omitted]

Official Seeks 'New Grounds' for Peace With Peru

PY1412221795 Madrid EFE in Spanish
1821 GMT 14 Dec 95

[FBIS Translated Text] Quito, 14 Dec (EFE) — Ecuadoran Deputy Foreign Minister Marcelo Fernandez de Cordoba today made an appeal to establish new grounds to attain a lasting peace between his country and Peru that are disputing a territory without landmarks on their Amazon border.

Fernandez de Cordoba, upon opening the consultation meeting held in Quito with the presence of his Peruvian counterpart Jorge Voto-Bernales, said: "We must establish new grounds for a stable, lasting, and fruitful relationship, to definitely eliminate the conflicts between the two nations."

The Ecuadoran deputy foreign minister also said that it is necessary to urgently step up cooperation, and strengthen even more so the measures of confidence currently being implemented with greater cooperation in the political and economic fields.

Fernandez de Cordoba added that social and economic development in Ecuador and Peru "must" be promoted so that the two countries may jointly face the challenges of the next millennium, since there are no sectors in which their respective governments cannot coordinate joint actions and work for their common interests.

The two deputy foreign ministers will try to reactivate the bilateral consultation mechanism that may help solve the prevailing problems, namely on the border towns, as well as others referring to border cooperation in the education, telecommunications, transportation fields, and the trafficking of people.

Moreover, Voto-Bernales, who will end his visit to Ecuador tomorrow, "will pay a courtesy visit" to Ecuadoran President Sixto Duran-Ballen between meetings.

Fernandez de Cordoba insisted that it is necessary to "work without stopping" in order to definitely overcome the prevailing (border) differences and reestablish the neighborhood committees that were eliminated during the conflict, endorsing the continuity and success of the Itamaraty (Brazilian Foreign Ministry headquarters) peace process.

The Ecuadoran deputy foreign minister asserted that the objectives will be attained by permanently reasserting "the will for a frank and direct dialogue, and advocating the permanent understanding between the two nations."

Ecuador and Peru engaged in a non-declared war between 26 January and 28 February, in a dispute over the territory without landmarks, of a doubtful demarcation, in their Amazon border area.

Paraguay

Wasmosy Returns From Europe; Views Tour as 'Beneficial'

PY2112015595 Asuncion Cerro Cora Sistema Nacional de Television Network in Spanish 2300 GMT 20 Dec 95

[FBIS Translated Text] President Juan Carlos Wasmosy returned to our country today after a tour of Spain, France, and Portugal. The president expressed the belief that his trip to Europe within the framework of the Mercosur [Common Market of the South]-EU agreement was beneficial for our country.

President Juan Carlos Wasmosy held a news conference upon arriving in the country. He said that this new step that unites two commercial blocs will provide excellent opportunities for new investments in the country. Wasmosy said the formalization of the Mercosur-EU agreement is an important step between two centers of economic and political power. The president also gave his opinion on the additional benefits obtained by IPS [Social Security Institute] pensioners.

[Begin Wasmosy recording] If directors believe that they can pay without hurting future generations of insured people, very well. They will have to give an account.... [end recording]

Wasmosy was decorated in Portugal and France with the highest medals that these countries can give to a foreign dignitary. The decoration granted by France is the only one ever granted to a Latin American president.

The president expressed the belief that his meetings with European entrepreneurs will yield positive results and will make it possible to improve the Paraguayan people's standard of living. Now we must hope that private companies will make good use of these contacts, the president said.

Wasmosy on French Investment, EU-Mercosur Pact

PY1912194595 Asuncion ABC COLOR in Spanish 19 Dec 95 p 2

[Interview with President Juan Carlos Wasmosy by special correspondent Luis Maria Maiz in Paris on 18 December]

[FBIS Translated Text] [Maiz] What interests these [French] entrepreneurs?

[Wasmosy] Some are interested in the oil issue. Our industry and commerce minister explained the implications of the new hydrocarbons law. He also pointed out that our country would favorably view investments to expand the state-owned refinery's capacity as it only meets 30 percent of the demand, the remaining 70 percent being imported as a refined product.

[Maiz] Has any specific enterprise expressed interest?

[Wasmosy] Initially, the Electricite de France (EDF) company and the Rodano National Company expressed interest in investing or participating in projects. Another group, SAUR [expansion unknown], is interested in privatization of the water and sewerage utility company. I believe French companies are interested in investing in Paraguay. Now it is necessary to establish projects and their probable local partners. Those investing in a country usually want a local partner, which represents a guarantee. If local companies do not want to invest, why should foreigners invest? Nevertheless, we are very optimistic on this issue.

[Maiz] Was your meeting with Chirac merely a protocol meeting? Did you discuss any substantial issues?

[Wasmosy] The meeting with Chirac was very good. It was a very cordial meeting. I believe this indicates that France now is viewing South America with greater emphasis. If the French Government is viewing South America, French entrepreneurs will follow suit. Planning Secretary Raul Cubas will meet the French trade minister on 19 December to review the possibility of renewing some credit lines. Renewing these credit lines, which had been discontinued, would represent an initial step. There is a credit line with funds tied to the supply of French goods and services. The economic terms, however, are very interesting and I believe these credits could arouse the interest of French entrepreneurs in going to Paraguay and developing projects there.

[Maiz] Could the Mercosur [Common Market of the South]-EU agreement affect future relations between France and Paraguay?

[Wasmosy] Without any doubt, the agreement between Mercosur and the EU represents a significant step as it represents the beginning of a relationship. This agreement will be gradually enhanced and improved. In my opinion the decision by these two economic blocs to work together is extremely important. This agreement will promote investments. The signing of this agreement means European entrepreneurs who invest in Paraguay, apart from the Mercosur market, may find it advantageous to manufacture products here and sell them in Europe. The signing of this agreement represents an initial step that hopefully will be implemented soon.

Country To Manufacture Weapons With Chile

PY1912123595 Asuncion ULTIMA HORA in Spanish 13 Dec 95 p 8

[Report by Arnaldo Alegre and Jose T. Moreno]

[FBIS Translated Text] Piribebuy — Our country's War Materiel Directorate and Chile's Army Ordnance this morning signed a framework agreement for the manufacture of weapons and ammunition while President Juan Carlos Wasmosy inaugurated a modern ammunition factory in this town.

During his speech Colonel Rodolfo Gonzalez Suarez, head of the War Materiel Directorate, said that "this small arms ammunition factory has machines and equipment and a physics, chemistry, and ballistic laboratory for the integral production of 1.26-mm and 9-mm caliber ammunition of the war, perforating, and tracer types. The factory can also produce 5.56-mm caliber ammunition and other ammunition for civilian use."

Unofficially, the factory costs $3 million. Authorities characterized it as one of the most important in the region. Col. Gonzalez said that the plant's installed capacity is 10 million rounds of ammunition per shift per year. The industry was mounted with Chile's Armed Forces technical support. This country is the continental leader in this area.

Wasmosy, Gonzalez, and Brigadier General Luis Irrazabal Lobos, head of the Chilean Army Ordnance, signed a commitment for a joint venture [two preceding words in English] for the manufacturing of small arms and ammunition with the purpose of trading them within these two countries and other countries, and for the joint development of other projects of common interest for military and police defense.

Brig. Gen. Irrazabal Lobos praised the cooperation commitment, stressing its importance for the consolidation of the military industries in both nations.

Congress Ratifies Changes to Tlatelolco Treaty

PY2012021795 Asuncion ABC COLOR in Spanish 13 Dec 95 p 3

[FBIS Translated Text] The Senate yesterday approved the amendments introduced to the treaty banning nuclear arms in Latin America. The treaty is known as the Tlatelolco Treaty, and was signed by our country in 1968. The treaty has recently incorporated some important items, such as the inclusion of Caribbean countries.

Carlos Alberto Gonzalez, chairman of the Senate Foreign Relations Committee, explained that besides the increased number of countries that commit themselves to banning all nuclear arms from their territories, there is a new item in the treaty requiring all signatory countries to give an account on all nuclear activities in their territories.

"This is a very important matter taking into account that signatory countries try to prevent the production of nuclear weapons and also the development of all activities that might lead to the manufacture of such weapons in the future," Gonzalez said.

The senator added: "Another item in the treaty empowers any signatory country to request information on activities related to the atomic energy field in any other signatory country."

The Authentic Radical Liberal Party legislator concluded by saying that another change included in the treaty authorizes member countries to request mutual inspections and authorizes an organ created by the Tlatelolco Treaty to sign agreements with other international atomic energy organizations.

Changes in Armed Forces Cadres Reported

PY1912171995 Asuncion NOTICIAS in Spanish 13 Dec 95 pp 4-5

[FBIS Translated Excerpt] Various changes of mid-level commanding officers have been reported within the Armed Forces. The Office of the Commander in Chief has appointed Colonel (DEM) [General Staff School Graduate] Birilo Quinonez Rolon as Fifth Infantry Division chief of staff, replacing Colonel DEM Gerardo Anibal Ruiz Ramirez. Colonel DEM Jose Key Kanazawa Gamarra was appointed as First Infantry Division chief of staff, replacing Colonel DEM Birilo Quinonez Rolon.

Colonel DEM Pedro R. Silva was appointed "2 de Mayo" First Infantry Regiment commander, replacing Colonel DEM Luis Maria Sapriza Nunes. Colonel Amancio Servin was appointed Fourth Infantry Division chief of staff, replacing Colonel Miguel Angel Tonanez.

Colonel Rafael Silguero Navarro was appointed Second Infantry Division chief of staff, replacing Colonel Jose Kay Kanazawa. Colonel Felipe Armoa Ruiz Diaz was appointed "Curupayty" Fourth Infantry Regiment commander, replacing Colonel Rafael Silguero Navarro. Colonel Anibal Salvador Rivas was appointed "Cerro Cora" 14th Infantry Regiment commander, replacing Colonel Juan Antonio Pozzo.

Colonel DEM Adolfo Villasanti Verdun was appointed Military Training Center for Special Operations commander, replacing Colonel Pedro Roberto Silva Lesme.

Ship Captain Miguel Angel Candia yesterday was installed as Marines Command (Comin) commander. [passage omitted]

Peru

Fujimori Denies Negotiations To Buy Scud Missiles

PY2112023795 Lima America Television Network in Spanish 0100 GMT 21 Dec 95

[FBIS Translated Excerpt] President Alberto Fujimori denied today the report published by the U.S. daily THE WASHINGTON TIMES that Peru is reportedly negotiating with North Korea to purchase Scud missiles.

Fujimori added that Foreign Minister Francisco Tudela had a positive contact with Alexander Watson, U.S. assistant secretary for inter-American affairs, to prevent Ecuador from buying the Kfir fighters. Fujimori made these comments after closing the academic year in the Peruvian Naval Academy. [passage omitted]

Andean Group Accepts Nation's Conditional Return

PY2012222295 Lima EXPRESO in Spanish 14 Dec 95 p A25

[FBIS Translated Text] The Andean Group met in Bogota on 13 December and finally approved Peru's reincorporation into the group under some conditions.

Peru will continue to maintain its 15 and 25 percent tariff structure, while tariffs in Ecuador, Colombia and Venezuela range from 0 to 10 percent. Tariffs in Bolivia are 10 percent.

The Cartagena Accord Commission agreed to revoke the so-called Decision 377, which established 31 January 1996 as the deadline for Peru to rejoin the group.

It is assumed the decision to accept Peruvian tariffs will prevent Peru from continuing to demand the elimination of trade distortions within the Andean bloc.

Regarding the bilateral agreements reached between Peru and its Andean partners, a decision was made to extend them because they were in force only until December 1995.

The Industry Ministry believes the extension of the bilateral agreements "is the most effective way to liberalize trade."

U.S. Citizen MRTA 'International Liaison' Officer

PY1812151395 Lima EXPRESO in Spanish 11 Dec 95 p A2

[FBIS Translated Text] U.S. citizen Lori Berenson was aware of the Tupac Amaru Revolutionary Movement (MRTA) activities and she acted as the MRTA "international liaison" officer. As such, she was the "boss" of Panamanian citizen Pacifico Castrellon, who was arrested a few days ago along with other MRTA leaders at a residence in La Molina district.

This was reported by a police source who also added that they found Army and National Police uniforms, as well as notes containing the number of guns the MRTA has at Berenson's house located in San Borja district.

Moreover, it has been reported that "Berenson's situation is becoming more and more complicated" in view of the different testimony given by the arrested terrorists on MRTA's structure and activities.

Grimaldo Achahui, Berenson's lawyer, has informed EXPRESO that his client would have "a minimum responsibility" and that with a fair trial she "would be declared innocent." Achahui reasserted that his client "was deceived and used" and that she had only befriended Castrellon, whom she visited at the residence in La Molina where the MRTA had one of its bases.

Achahui added that his client "is in good health and calm" and that she is being treated the same way as others. She is visited by her father, Mark Berenson; and U.S. Consul Thomas Holladay, who yesterday, as in previous days, went to the Dincote [National Counterterrorism Directorate] building where Berenson is testifying.

Achahui has defended other people linked to the MRTA such as Nancy Bonilla, wife of Peter Cardenas Schulte, who is serving a life sentence; and Victor Polay and his companion, Lucero Cumpa.

According to a report released by the Contrapunto television program, Lori Berenson had befriended Betty Lara, Congressman Javier Noriega Febres' secretary. It was reported that there is evidence of this friendship and also that Lara has ties with Shining Path.

Relatives, Photographer of U.S. Citizen Linked to MRTA

PY1812143095 Lima EXPRESO in Spanish 11 Dec 95 p A2

[FBIS Translated Text] Her papers identified her as Rosa Mita Quispe, Bolivian, and a photographer by profession. Nevertheless, she has been identified as Peruvian and a member of the MRTA [Tupac Amaru Revolutionary Movement] terrorist gang. Nancy Gilvonio Conde now faces the possibility of spending the rest of her life in prison.

The Gilvonio Conde family has had ties with MRTA founder Victor Polay Campos, aka "Rolando" since the mid 1980's. Two of Nancy Gilvonio's brothers are lawyers and one of them, Americo, was the Cromotex workers union legal adviser. He has been in jail since 1993. Nestor Cerpa Cartolini, aka "Evaristo," the last MRTA leader still at large, was a Cromotex union leader and the police suspect that he has had ties with the Gilvonio family since then.

According to the police, Carlos Gilvonio, another of Nancy's brother, who is currently a fugitive from the law, is a member of the MRTA international political bureau and is facing charges of high treason before a military court.

Dincote [National Counterterrorism Directorate] established in June 1993 that Carlos Gilvonio has ties with Ricardo Gadea Acosta, former brother-in-law of Argentine-Cuban guerrilla leader Ernest "Che" Guevara. Gilvonio used Gadea's fax machine to send and receive coded messages from abroad.

Nancy Gilvonio's family background confirms that this woman, who posed as a photographer for alleged U.S. journalist Lori Berenson, is a dangerous person. The two women were studying security systems in the Congress building.

Appeal of MRTA in Absence of Political Parties Noted

96SM0027A Lima CARETAS in Spanish 7 Dec 95

[Article by Fernando Rospigliosi from the "Controversies" Column: "The Resurrection of the MRTA"; received via Internet]

[FBIS Translated Text] One of the most striking facts about the surprising reappearance of the MRTA [Tupac Amaru Revolutionary Movement] is how young most of its members are. At a time when young people do not seem interested in politics and the so-called traditional parties are unable to attract new activists to their ranks, it turns out that a subversive organization that was thought to have been eradicated is capable of recruiting new "combatants."

Several experts hastened to certify the demise of the MRTA after Miguel Rincon was captured. The problem is that the terrorist group has been declared dead several times over the years yet it is still around.

One very important difference between Shining Path [SL] and the MRTA is that the latter has had leaders, not demigods.

To his followers, Abimael Guzman was the "fourth sword of Marxism," the direct successor of Marx, Lenin, and Mao — in other words, the incarnation of God on earth. That gave SL the advantage of absolute unity of command and warded off the cancer of breakaway factions, which has always eaten away at left-wing groups both legal and subversive.

But it entailed this risk: If the leader was captured or died, the organization collapsed, as happened in effect as of 12 September 1992.

The MRTA, in contrast, never had untouchable leaders in its structure. Victor Polay and other ringleaders were subject to ongoing criticism and fought among themselves. The result was several rifts and confrontations between factions, which often led to a toll of dead and wounded. This unquestionably weakened the MRTA, so much so that as far back as 1991-92 it was regarded as liquidated, for all practical purposes, after the arrest of Polay, Peter Cardenas, and others. Yet it is still alive. The conclusion is obvious: the MRTA is a many-headed hydra and cannot be considered extinct every time a leader falls.

Moreover, all indications are that the recently captured group is only one of six "graduating classes" from the subversive cadres school that operated in Lima. Thus, it is premature to talk about the final liquidation of the MRTA.

Smugness aside, what requires analysis is why a subversive organization still holds an attraction for several dozen young people — perhaps hundreds of them — today, at a time when communism is no longer an option in the world, in an era of ideology-free pragmatism, after terrorist groups have suffered crushing defeats, and with the example of many such activists dead or sentenced to life in prison under very harsh conditions.

The theory that subversion is an import sponsored by the communist powers no longer stands up to analysis. Sandinist Nicaragua has disappeared, and the long-lived Cuban dictator is struggling desperately to survive, without bothering to foment revolution in other nations. The universities have, for better or worse, ceased to disseminate Marxist ideology. In spite of all this, subversive groups continue to breed. Not on the scale they used to during the past decade, to be sure, but their very existence is a fact that ought to concern us, because today's social calm and political stability are fragile and flimsy.

There are no political institutions that can channel the aspirations of citizens and represent them. Civil society is pulverized. Economic and social inequalities have intensified over the past five years and at least half of the population lives in poverty.

All of this does not pose a direct threat to order and stability. But it is wishful thinking to assume that this will last indefinitely. Groups like the MRTA are seeking to survive today, lying in wait, hoping that some upheaval will jolt society so that they can emerge as an alternative to despair.

The danger is that there are almost no options within the framework of legal, democratic institutions. All of them have been destroyed or are on their deathbed in the midst of internal crises, and no one is interested in replacing or rebuilding them.

The bloody reemergence of the MRTA ought to prompt us to reflect on Peru's possibilities in the medium term, above and beyond the self-complacency that prevails in official circles.

Economy Minister Explains Inclusion of Debt in Brady Plan

PY1912171595 Lima EXPRESO in Spanish 8 Dec 95 p A22

[FBIS Translated Excerpt] According to Economy Minister Jorge Camet the debt contracted with the German company Ferrostaal was included in the Brady Plan because "many banks are creditors in both types of debt: the bank credit and the supplier credit."

Camet explained that bank institutions had already acquired the debt from Ferrostaal, and that generally, the bank that finances a supplier — such as Ferrostaal in this case — ends up being the main creditor if there are problems with the payment of the debt. According to the economy minister these creditor banks have insisted in including the Ferrostaal debt in the negotiations that Peru is conducting with commercial banks.

Camet stated that the debt derives from transactions for the purchase of four submarines and equipment as well as the repair of two other submarines. He added these transactions were conducted between 1977 and 1982 and that they total 456.576 million marks; 37.830 million marks and 51 million marks, respectively, which amounts to a total of 545.406 million marks, that is, about $185 million.

In addition, Camet said that the debt with suppliers totals $680 million.

He also said that this is not the first time that a supplier credit that is assumed by a bank is included in a debt refinancing arrangement. He said: "In early 1984, Peru agreed to include supplier credits in the refinancing agreement of those credits that matured between March 1984 and July 1985." [passage omitted]

Camet remarked that the German Government has granted "great importance" to the Ferrostaal case and added that as a result of its inclusion in the Brady Plan, or the possibility of using this credit in the privatization process "the German Government has reclassified and upgraded Peru's credit risk standing."

After leaving Congress, Camet said that he doubts creditor banks will undertake any further negotiations this year because the Europeans take vacations in December. He added that negotiations will resume with each individual bank next year and that they will end in July.

Camet stated that William Rhodes, chairman of the steering committee who is in Lima attending Citibank's 75th anniversary celebrations, has submitted the first draft of the so-called terms sheet of the Brady Plan, which will be studied next week.

In addition Camet said that the renegotiation with the Paris Club will resume in April and that the priority objective is to obtain facilities to pay $9 billion. [passage omitted]

Congress Approves Arbitration Law, Other Draft Bills

PY2012023595 Lima EXPRESO in Spanish 9 Dec 95 p A3

[FBIS Translated Excerpt] During a marathon session yesterday that lasted until nearly 0200, Congress approved a total of eight draft bills (almost all unanimously), among which is the new Arbitration Law and another on the privatization of public markets which compels municipal and district councils nationwide to grant merchants the first option to purchase the market shops they are currently running.

The Arbitration Law is a mechanism to solve conflicts outside the courts whereby, by prior agreement, the parties are given the opportunity to submit their controversy to an arbitration board. This law, which was approved yesterday before dawn, is based on a bill submitted on 9 January 1995 and it includes several suggestions.

According to Jorge Muniz (C90-NM) [Change 90-New Majority], president of the Justice Committee, the new bill intends to improve the current legislation so that arbitration may become a true and effective "legal alternative" in Peru.

In keeping with this goal, the bill eliminates at the domestic level the requirement to have 25 years of experience for being an arbiter and it allows the participation of foreign lawyers.

As for the appeals that may be submitted before an arbitration court (also called award), it is still feasible to appeal to the judicial branch, but a second instance is created by allowing the case to be taken to either an ad hoc or an institutional court.

The arbitration law also establishes that the rulings can be nullified on the grounds of an inadequate constitution of the arbitration court, undue process of law, or the right of defense.

In addition, it establishes procedures for the acknowledgement and implementation of international award rulings. [passage omitted]

Uruguay

Alleged Peruvian Guerrilla Detained at Bolivia's Request

PY2012185095 Madrid EFE in Spanish
1606 GMT 20 Dec 95

[FBIS Translated Excerpt] Montevideo, 20 Dec (EFE) — Following a request filed by Bolivian authorities who will initiate the proper extradition proceedings, Uruguayan police today detained Luis Alberto Miguel Samaniego, a Peruvian citizen who is accused of being a member of the Tupac Amaru Revolutionary Movement guerrilla.

Miguel Samaniego entered Uruguay 10 days ago on a Bolivian passport under the name of Fernando Torres Campos. He was accompanied by Silvia Gora Rivera, who, according to her forged papers, entered Uruguay under the name of Rosa Cespedes.

The Bolivian arrest warrant on Samaniego, who is not wanted in Peru, was received on 19 December. The detainee is waiting for Bolivia to press formal charges. [passage omitted]

Alleged Peruvian MRTA Member Reports to Court

PY1812174495 Madrid EFE in Spanish
2358 GMT 17 Dec 95

[FBIS Translated Excerpt] Montevideo, 17 Dec (EFE) — Peruvian citizen Silvia Gora Rivera today reported to the Uruguayan courts for the second time. She is now being held until the Peruvian Government begins extradition proceedings, after accusing her of the crime of "terrorism."

An arrest warrant on Gora Rivera, who allegedly is a member of the Peruvian Tupac Amaru [Revolutionary Movement — MRTA] guerrilla group, was received by the INTERPOL office in Uruguay on 16 December, two days after she had been released due to a lack of formal charges against her.

Gora Rivera is being held under preventive custody at the Women's Penitentiary of Montevideo, where she will wait for the extradition proceedings and the Uruguayan courts' decision.

After she learned that she was again being tracked by the police, the Peruvian citizen presented herself to the Montevideo Third Criminal Court. She was accompanied by her Uruguayan attorney, Gustavo Puig, who advised her to present herself to the courts. [passage omitted]

The Peruvian authorities now have a 10-day deadline to formally pursue extradition proceedings and send to the Uruguayan courts the records and legal charges and grounds.

Judge Eduardo Borges will have to decide, in the first instance, if the charges are not of a political category or related to politics.

If it is confirmed that the charges actually involve political crimes, the courts cannot approve an extradition, pursuant to current international treaties.

Court sources reported that it is up to the Uruguayan judges to establish the category of a crime.

Defense Minister Meets Head of U.S. Southern Command

PY1512154795 Montevideo EL PAIS in Spanish
7 Dec 95 Section 2 p 1

[FBIS Translated Excerpt] The struggle against the growing drug trafficking activities in our region was one of the issues discussed during a meeting between Defense Minister Raul Iturria and General Barry R. McCaffrey, the head of the U.S. Southern Command. They agreed that, with regard to this issue, the Armed Forces should play a supportive role only. [passage omitted]

After the meeting, upon expressing his satisfaction over the outcome of the discussion, Minister Iturria agreed with General MacCaffrey's remarks on the role that the Armed Forces should play in the struggle against drug trafficking.

Iturria indicated: "The surveillance and prevention of, and struggle against, drug trafficking activities actually is a police task. Therefore, it is under the responsibility of the Interior Ministry." Nevertheless, he emphasized that, when the intelligence services of some military units have useful information for the struggle against drug trafficking, "it is placed at the disposal of the specialized police forces." [passage omitted]

Iturria was asked about some reports datelined Asuncion on a recent meeting between the Argentine and Paraguayan defense ministers, with the goal of achieving common criteria on a possible Mercosur [Common Market of the South] military integration. This military integration would be aimed at struggling against terrorism, drug trafficking, and crime by exchanging experiences, information, and even equipment.

The Uruguayan defense minister emphasized: "Most of these crimes are also under the jurisdiction of the Interior Ministry. Nevertheless, tasks are being carried out to help it better discharge its duties."

With regard to the integration of the Armed Forces of the four Mercosur countries, Iturria specifically indicated that the Uruguayan Government understands that they should cooperate, but within the framework of their own societies.

Iturria added that the Armed Forces of the four Mercosur countries should also be involved in the integration effort, which, ultimately, represents a task for all Mercosur members.

In conclusion, the defense minister said: "Nevertheless, it is necessary to bear in mind that each country is responsible for defending its own sovereignty, on friendly terms with its neighbors. Integration should involve experiences, but not armed forces."

Venezuela

Government Announces Maximum Sale Price Policy

PA1612174095 Caracas Venezolana de Television Network in Spanish 0200 GMT 14 Dec 95

[Report by Pedro Prado]

[FBIS Translated Text] The executive branch has implemented the maximum sales price — a measure which seeks to prevent the speculation which could arise from the currency exchange adjustment.

[Begin recording] [Reporter Prado] The producers, manufacturers, or importers will mark the maximum price of their products based on an objective cost structure. The measure will be valid for food, home appliances, uniforms, medicine, textbooks, shoes, school supplies, sports articles, and other mass consumption items.

[Unidentified official] The executive branch intends that producers, manufacturers, and importers will stamp the maximum price directly onto products. The consumer price in any of the retail stores in which these products are sold will have to be under the marked price. The maximum price is a way to inform consumers and give them an instrument to supervise the behavior of the prices in a wide range of products.

[Prado] The maximum price measure aims to speed up the dismantling of price control. For this reason, the executive branch will study a way to reduce the number of products under price controls. It should also be known that price fixing by merchants is considered a violation of the norm. [end recording]

The commercial sector — considered the last link in the commercial chain — up to now has felt neglected in the negotiations regarding the establishment of a maximum consumer price. The sector has asked that it be included in current and future negotiations.

[Begin recording] [Reporter Zayda Pereira] Consecomercio [National Council of Commerce and Services] President Eliseo Sarmiento said that the administration has spoken about cooperation and rapproachment. However, the trade sector has not received one invitation to discuss the arduous issues regarding the prices. Because of that and since they are in contact with consumers they must be taken into consideration.

[Sarmiento] I think that if the policy of holding talks and making unilateral decisions continues, it would not be the most advantageous thing for the future of the nation. For that reason, I would say that even before the new decision on the maximum reference price is announced, the government should try to decide with the fundamental sectors whether or not this measure is advisable.

[Pereira] The other sectors of the economy concur with the Consecomercio's appeal, as they consider that rapprochement eases the task of making difficult decisions. [end recording]

Development Minister Views System

PA1812221595 Caracas Venezolana de Television Network in Spanish 1545 GMT 15 Dec 95

[FBIS Translated Text] While the minimum wage adjustment is being decided, the consumers' purchasing power will be helped by a maximum retail price [precio maximo de venta al publico — MP].

[Begin recording] [Unidentified reporter] This maximum price will only hurt anyone with speculation plans, since the price will be printed by the manufacturer and each company, depending on its size and costs, will give a different price to its products. For that reason, two brands of tomato sauce, detergent, or powder milk should have different prices. The retailer will provide the differences in the products, since there will be two prices on products. One is the manufacturer's price or the PM, and the other is the PVP [retail price] that retailers will put on display and that will always be below the MP. There will also be competition, since the rules in that respect will remain unchanged.

[Development Minister Werner Corrales] Consumers need to have an instrument that will allow them to determine if the price they are being asked to pay is reasonable or not. That way, the PM is a measure that is not necessarily associated with the disappearance of the general control systems. On the contrary, at this time of transition from a price control system to a deregulated system the existence of an information tool such as this one becomes indispensable.

[Reporter] Conindustria [Venezuelan Council of Industry] does not share that view, as the group's President Pedro Carmona felt the PM would bring higher inflation.

[Carmona] It really does not stimulate demand and competition for the benefit of the consumer and involves tremendous chaos in the logistical and operational considerations to be set up.

[Simon Nobile, president of the Venezuelan Food Industry Chamber] For each sector, the impact of the exchange rate adjustment is different. The impact that the level of price adjustments will have on each sector will depend on the time when the last adjustment was made or on the quantities of materials they have in stock. [end recording]

Government, Business Reaction to Currency Devaluation

Central Bank Director Interviewed

PA1412212595 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1230 GMT 13 Dec 95

[Telephone interview with Dr. Domingo Felipe Maza Zavala, director of the Central Bank of Venezuela, by Dario Arizmendi, director of "Caracol's 0600 to 0900" newscast and an unidentified reporter — live]

[FBIS Translated Text] [Arizmendi] We greet Dr. Domingo Felipe Maza Zavala, director of the Central Bank of Venezuela [BCV]. Good morning Mr. Maza Zavala.

[Maza] Good morning, how are you?

[Arizmendi] How have the various economic, political, and social sectors received the news of the 70.5 percent devaluation decreed yesterday by President Caldera's government?

[Maza] I believe this measure was expected for some time by all sectors of Venezuelan society because the nominal exchange rate of 170 bolivares that had been set for a long time had stopped being realistic because of the country's inflationary process. Therefore, this really means bringing up to date the type of exchange rate to adjust it to the current reality.

[Arizmendi] Did the government have other options rather than decreeing this devaluation as well as other macroeconomic measures?

[Maza] Yes, this measure on its own would not make much sense. This measure only makes sense together with a series of announcements of fiscal, monetary, financial, and social economic policies, which the government has been making yesterday and will continue to do so during the current year. Included, of course, is a correction to the country's macroeconomic unbalances — fiscal, monetary, and naturally, the external sector. Thus, it is a group of policies to reorganize public works and send out a much more firm and positive signal to the work by the private sector and even the international economic and financial world.

[Arizmendi] Dr. Domingo Felipe Maza Zavala, director of the BCV, will this fixed exchange rate of 290 bolivares to the dollar be kept for some time? Or will it be left to float and fluctuate?

[Maza] For the time being the decision is to maintain a fixed exchange rate at 290 bolivares to the dollar. Naturally, in accordance with the talks taking place with the IMF and according to how events unfold over the next few days and in January and February, we shall then see whether or not it is convenient to accept the rate or modify the exchange scheme itself. The exchange scheme is basically unmodified. Naturally, this is a stage of transition toward a situation different from the current one, in which other macroeconomic variables and other processes are taking place, so as to rescue the Venezuelan economy from the unbalance and place it on its way to stabilization and recovery.

[Arizmendi] Mr. Maza, some economic commentators say that despite the strong 70.5 percent devaluation, the 290 bolivares to the dollar, which is in effect as of today, this still does not reflect the reality of Venezuela's economic situation or market and the devaluation should have been greater. What is your opinion?

[Maza] I think it is acceptable. According to the estimates by technicians from the BCV, Finance Ministry, and Venezuelan Petroleum Inc., which are state organizations, they set this rate as the most representative, at least up to March 1996. Naturally, everything will depend on how things evolve. If inflation continues unchecked, if unbalances are not corrected soon, naturally this exchange rate will cease to be meaningful. (?One must come to realize that everything will fall into place), consequently this rate of exchange will be maintained for some time. Naturally, no one can say for sure for how long. But for the time being we need to adjust the Venezuelan economy, especially in relation to other economies, which have suffered much less inflation that what we have experienced in Venezuela.

[Reporter] Mr. Maza, here in Colombia there was certain apprehension over these measures, which as you say, were expected. What impact, according to your studies, will this devaluation and economic measures taken by the Venezuelan Government have on businesses with Colombia?

[Maza] I believe that this review of the exchange rate will contribute to clarify and reaffirm trade with Colombia. Naturally, as everyone knows, a devaluation means that Venezuelan products become cheaper for Colombians and other countries and Colombian products, if there is no exchange adjustments in Colombia, become proportionately more expensive for us. This is a natural trade fluctuation. I believe trade with Colombia, which is very important for us — after the United States this is our main market — will not only remain, but will evolve favorably as time goes on.

Central Bank Head Comments

PA1612043695 Caracas Venezolana de Television Network in Spanish 0200 GMT 13 Dec 95

[Report by Melisa Soto]

[FBIS Translated Text] According to Domingo Maza Zavala, director of the Central Bank of Venezuela [BCV], the devaluation of the national currency must be accompanied by other fiscal, financial, monetary, and social measures so that the targets established by the executive branch can be reached.

In assessing the positive and negative effects of the measures announced by the finance minister this past Monday, Domingo Maza Zavala stated that with this devaluation, the country's production will be more competitive in our internal market as well as overseas.

Likewise, Maza Zavala contends that the proportion of imports and the trend to buy far away from our border will also decline.

In addition, he also reiterated that the inflationary impact will be inevitable, reason for which he acknowledges that the executive will be prompted to adopt measures in order to prevent an unjustified price overflow.

[Begin Zavala recording] There will also be an impact on the private external debt, which will now have to be estimated and repayed based on the new exchange rate. This, of course, has its effect on the economic balance of those firms affected. In general, however, the devaluation measure will have to be accompanied by other measures... [end recording]

At any rate, this is still a provisional measure since it is expected that exchange controls will be lifted during the first quarter of 1996 because by then the government will undertake macroeconomic adjustments.

Financial Organizations React

PA1412210995 Caracas Venezolana de Television Network in Spanish 0200 GMT 13 Dec 95

[FBIS Translated Text] We have reactions to the devaluation of our currency to 290 bolivares per dollar. Both Fedecamaras [Venezuelan Federation of Associations of Chambers of Commerce and Industry] and CTV [Venezuelan Workers Confederation] said the devaluation should not have been an isolated measure.

Fogade [Deposit Guarantee and Banking Protection Fund] President Esther Margulis said that this measure makes it possible to work with more realistic economic goals.

[Begin Margulis recording] I believe the signing of an agreement with the IMF will also be very important for the banks. Particularly important also will be the agreements being negotiated with the World Bank and the Inter-American Development Bank in order to develop programs to strengthen financial institutions, as it was done in the case of Mexico. [end recording]

Meanwhile, Conindustria [Venezuelan Council of Industry] President Pedro Carmona said that the sector will have to make gradual price adjustments as not to trigger inflation.

[Begin Carmona recording] Regarding the measures adopted, it is important not only to establish an exchange rate of 290 bolivares, but also to assign foreign exchange expeditiously and prevent the emergence of a restrictive exchange rate, which would again trigger a difference between the new official exchange rate and the Brady rate, which would be totally unacceptable. [end recording]

Although Fedecamaras believes that the devaluation came too late, it also feels that it cannot be an isolated measure within an economic context.

[Begin Fedecamaras President Jose Serrano recording] We will watch the inflation rate and its trends and determine what measures should be adopted to solve the problem. [end recording]

Meanwhile, Central Bank Director Domingo Maza Zavala said the devaluation of the currency should be accompanied by various fiscal and social measures in order to accomplish the objectives set forth by the executive branch.

[Begin Zavala recording] This, of course, will also have an effect on private foreign debt, which now will have to be adjusted and paid according to the new exchange rate. This, of course, will have a financial effect on some enterprises. In general, however, the devaluation will have to be accompanied by other measures. [end recording]

In any event, these measures are temporary. It is hoped that controls can be lifted during the first quarter of next year, after the executive branch makes the necessary macroecomomic adjustments.

Fiscal Change To Favor PDVSA

PA1612230395 Caracas ECONOMIA HOY in Spanish 13 Dec 95 p 14

[Report by Taynem Hernandez]

[FBIS Translated Text] Sources of the state-owned company Venezuelan Petroleum Inc. [PDVSA] have told ECONOMIA HOY that the bolivar devaluation, decreed on 11 December, will trigger a fiscal difference originally estimated at 100 billion bolivares in favor of PDVSA.

This difference, which will result from the exchange losses PDVSA will incur with the new foreign exchange rate, will be negotiated in January 1996 between PDVSA and the Finance Ministry, the sources said, adding that the two institutions could agree on the possibility of including new deductions in new tax return, even though the fact that the government could issue Macroeconomic Stabilization Bonds (TEM) [name as published] to compensate for the difference is not rejected.

"The compensation with TEM's or public treasury bonds has been done before; it is not an unusual practice in the industry," another spokesman of the oil industry pointed out yesterday. Officials also stressed that the contributions the oil sector makes to the national treasury will not change during the rest of the year with regard to the payments made so far. "At this stage, it does not make sense to file a new tax return; this is why any difference will be reported in the upcoming fiscal year."

PDVSA technicians on the afternoon of 12 December started to reassess the impact the devaluation of 290 bolivares to the dollar that came into effect yesterday has on the fiscal payments.

In a previous estimate, the officials found a difference of approximately 100 billion bolivares, which is an amount that could change once the revision ends, between the payments made this year and what must finally be paid to the national treasury once all accounts are consolidated.

Although the oil industry from now on will get more bolivares for the dollars it pays to the Central Bank of Venezuela (BCV), the industry will have to fork up larger payments to pay off its foreign debt, which totalled $5.034 billion by late 1994. Of this amount, $869 million will have to be paid next year.

According to current laws, the estimate for the reduction on taxes stemming from the exchange losses is done in terms of the exchange rate in effect at the end of the fiscal year; meanwhile, the exchange rate in effect at the time of payment is used to estimate and pay the oil industry's fiscal contributions, thus explaining the larger burden the debt represents in these accounts.

The latest estimates of the oil industry indicate that the oil sector's tax payments will amount to 892 billion bolivares this year, to which we add an advance payment to be made in January 1996 and the amount generated by the general sales tax, which will leave 1.15 billion bolivares in the public coffers.

The balance in favor of PDVSA is added to another positive factor for the industry: the new exchange rate will allow it to have a positive cash flow, thus preventing new debts, which had been estimated at approximately $800 million, for the oil industry in 1996.

The aforementioned 100 billion bolivares would be included in the additional 400 billion bolivares the industry will generate next year, according to the announcement Finance Minister Luis Raul Matos Azocar made on 11 December. He then affirmed that these resources would emanate from operational adjustments and from "favorable measures through exchange decisions."

Estimates of Impact Assessed

PA1712020595 Caracas EL UNIVERSAL in Spanish 13 Dec 95 p 2-1

[FBIS Translated Text] Caracas — Forty-one percent or 70.58 percent? These two figures were being juggled yesterday to estimate the impact of the foreign exchange adjustment the government made on 11 December.

The two figures, in the opinion of distinguished economists, are valid in the strict sense of the word. The first figure, used by the Finance Minister Luis Raul Matos Azocar at the news conference in which he announced the change, defines the magnitude of the bolivar devaluation. On the other hand, the second figure refers to the variation on the bolivar's purchasing power vis-a-vis the dollar or to the increase in the value of the North American currency.

"Exchange adjustment" was the term the finance minister used to define the decision the executive branch made. However, this term implies a devaluation. Matos stressed that the adjustment amounted to 41.38 percent.

In a strict sense, the term "devaluated foreign rate" cannot be used, because the exchange rate cannot be devaluated or appraised; it is merely adjusted. Currencies are the ones that can be devaluated or appraised. Based on this already strict sense, the government devaluated the bolivar.

The percentage rate is defined in absolute terms (the bolivar in relation to his previous par value) or in relative terms; that is, the bolivar in relation to the dollar, which is its exchange standard reference, because the all of the country's exports and imports use it in the calculations.

In absolute terms (290 bolivares vis-a-vis 170 bolivares per dollar), it is a 41.37 percent devaluation, as the government argues. The calculation is simple: today, the dollar is worth 290 bolivares; yesterday, it was worth 170 bolivares, which, in real terms, represents 58.62 percent of the new official rate. The difference between 170 and 290 bolivares (120 bolivares) represents 41.37 percent of the new exchange rate, which, technically speaking, is correct. However, only the bolivar in terms of itself is used; the dollar is a simple parameter to measure the bolivar.

Nevertheless, regarding the practical aspects of the problem, the experts EL UNIVERSAL consulted explained that the government's figure fails to show our economic reality, because the bolivar's reference currency is the dollar and because the loss in the Venezuelan purchasing power will be evident in terms of the U.S. currency; that is, it is approximately 70.58 percent.

This 70.58 percent is obtained in a similar manner; it is estimated through a simple "rule of three." However, this percentage is estimated exactly in the opposite manner: the original value is 170 bolivares, not 290 bolivares, to the dollar. Therefore, if we consider that yesterday 170 bolivares could purchase one dollar, in order to purchase the same dollar today, we need 290 bolivares, 70.58 percent more bolivares in relation to the rate in effect until 11 December. The dollar stops being a point of reference and gets involved in the problem, which could be reworded as follows: how many bolivares did we need to purchase one dollar yesterday, and how many bolivares does it pay today?

According to Domingo Fontiveros, president of the company Data Forecast Analytica, the two approaches to estimate the bolivar rate are correct, economically speaking. In fact, economists use the two approaches interchangeably. The government, however, rather follow the strictly technical norm and say that it was a 41.37 percent devaluation.

Fontiveros said: "For all practical reasons, Venezuelans will feel the 70.58 percent devaluation, because the dollar constitutes the mandatory reference for all transactions made in the country."

A standard vehicle costs, according to foreign parameters, approximately $10,000. If two days ago, it cost 1.7 million bolivares in a perfect market with a real exchange rate of 170 bolivares, it will cost 2.9 million bolivares starting today. It is a 70.58 percent impact on the price. This percentage will be the repercussion of the devaluation on the country.

The principle used to purchase this brand-new vehicle also applies to the rest of the economy (which imports 70 percent of the raw materials and goods it uses). In this regard, the devaluation is nothing more than a measure of the inflation that is about to come, under ideal theoretical conditions.

Meanwhile, Hugo Faria, an IESA [Institute of Higher Education for Administration] teacher, termed the calculation method the government made public "crazy." "The official devaluation for the year and a half elapsed between 27 June 1994 and 1 December 1995 is 70.58 percent; no questions asked."

Council of Ministers Approves 1996 Budget Decree

PA1912184595 Caracas Venezolana de Television Network in Spanish 0200 GMT 14 Dec 95

[Report by Pedro Prado]

[FBIS Translated Text] The Council of Ministers has approved a decree to allow the use of this year's budget for the 1996 fiscal year. As expected, the national budget for this year will be used again for 1996, with an amount of 4.1 trillion bolivares. However, it should be pointed out there is an agreement between the government and parliament to ensure that in January, when President Caldera convenes special legislative sessions, the lawmakers begin working on the new budget bill.

[Begin Fernando Egana Benedetti, director of the Central Information Office, recording] For 1996, the budget law of 1995 in the amount of 4.1048 trillion bolivares will be used again in accordance with the provisions of Article 25 of the Basic Budget Law. In addition, a decree was approved establishing the distribution of the budget by institution for the 1996 fiscal year, corresponding to the use of the 1995 budget in accordance with Article 19 of the Basic Budget Law. [end recording]

The cabinet also discussed a joint venture project to exploit orimulsion.

The Council of Ministers also authorized the Finance Ministry to request a public credit for 351 million bolivares to purchase 70 subway cars that will be used in the Caracas subway.

Finance Minister Explains Economic Program

PA1412211095

[FBIS Editorial Report] Caracas Venezolana de Television Network in Spanish at 0236 GMT on 12 December carries live a 104-minute long interview with Finance Minister Luis Matos Azocar by economists Gustavo Garcia and Maxin Ross, Monsignor Mario Moronta, and columnist Ibsen Martinez, with moderator Nelson Bocranda, during the special "Answers for Venezuelans" program broadcast from the Caracas Ateneo. In his opening statement to explain why he agreed to participate in this program, Minister Azocar says: "We believe the only way we can advance in the economic recovery program is through a joint effort," and "by telling Venezuela the truth." That is the only way Venezuelans can support and understand why we must take the "measures that will put on the path of economic growth," he affirms.

Economist Garcia begins his question noting Venezuela is one of the third world's most indebted countries and wants to know what specific measures will the government take to lower the fiscal deficit without leading to greater indebtedness. In his response, Matos notes the government is striving to lower the fiscal deficit to "levels that can be financed." "The measures we have adopted," he adds, "to lower the deficit seek to boost revenues." One of these measures entails correcting Venezuelan Petroleum Inc.'s operational expenditures, so that it can make a bigger contribution to the treasury. The Finance Ministry is working with a private foundation to shrink the size of the government and merge some ministries and to review a package of transference and current expenditures that have little impact in generating jobs and in the country's economic growth.

After listing the reasons for Venezuela's high indebtedness, Matos adds: "The problem for a country is not whether to become indebted or not, but rather if it changes an extremely costly and hard to handle debt for a much cheaper debt." The Foreign Debt Rescue Fund [Fondo de Rescate de la Deuda] is working in that direction and "in the Venezuela Agenda we are proposing a restructuring to seek these loans from multilateral organizations, as they are much cheaper than those granted by the world markets."

Monsignor Moronta wants to know if "shock" measures will be taken and if they will lead to greater impoverishment. The finance minister mentions that during the talks government officials have held with IMF representatives, the latter have said that having real interest rates in the economy "may not be possible, and that instead we must seek gradual steps because of the unique situation of Venezuela's financial sector." An abrupt implementation of real interests rates would lead to a situation similar to that of Mexico where debtors have told banks "do what you will with us, because we cannot pay you."

Another major element in the talks with multilateral organizations, according to Matos, is that the social aspect "is crucial for us." "With the World Bank's acquiescence, we propose raise social expenditures to 2 percent of the GDP. This means they have also learned from what is happening in other countries, and we have learned from past experience when we implemented a shock therapy, without considering the social aspects," he states. He adds the government is designing a package of social measures during a period of transition, "in which there will be a circumstantial and temporary cost of living increase," followed by a "reduction by the end of year."

The question by economist Ross deals with his concern that the government will not take into consideration the urgent needs of the people in the measures it plans to take in a few days. Matos replies that the question brings him back to the issue of the conversations with the IMF. At first, the government was advised against yielding to the IMF, whereas now the feeling is that the government is going very slowly. He affirms the government is handling the talks with the urgency Ross mentions and that the transitory measures have fulfilled their goal and that "we must begin to design new phases for a selective opening of the economy, to eliminate price control, or in sum, a whole package of measures that we are convinced are advisable and necessary. The established controls fulfilled their objective to a lesser or greater degree, and henceforth we want to discuss the future."

The government has kept a steady exchange rate since July 1994 and did not use the permanent change in the exchange rate to resolve fiscal problems, and "these two elements strengthen the government's credibility now that the time has come to announce a new economic policy." He acknowledges the concern of people holding letters of credit regarding the measures that may be taken to seek an accelerated unification of the exchange rate, and affirms "we are reviewing each case, as well as the situation of medium and small companies, and are certifying debts at an accelerated pace so that the balances of medium and small companies are not hurt."

What can the man in the street expect in the years to come from these initiatives?, columnist Martinez asks Matos. The official replies that the "human element" is often excluded from discussions of economic recovery programs, "but we have attached great importance to this element, and that is why this program and others to come in the future have been accepted" by the people.

Matos adds: "We think that by the end or second half of this year the inflation rate will be around 2 percent, based on the scenario we have worked with the IMF experts. By next year or the end of this year, we will begin to have a positive growth. That means more jobs."

Economist Garcia asks what definite exchange policy the government intends to implement in the next few months after stating that Venezuela will end the year with an inflation rate that surpasses 50 percent. Matos Azocar replies that he believes that hard-fast "extreme" assertions should be avoided, such as, "the reserves have ran out, the exchange policies have failed, it was not possible to beat inflation." Matos Azocar then adds, "the specific reply as to what will be our exchange policy scheme is, first, we aim for an orderly unification; liberalization, as you pointed out, of the current account while controlling the capital account until — and this has been agreed with the IMF — the financial system has totally recovered."

Matos continues, "we are going to take some measures regarding the Brady bond market," and adds, "I believe that the sudden rush for Brady bonds has more to do with certain statements announcing that there were no more dollars for the import market." "Talks on devaluation are not something new, Dr. Garcia. This has been a constant topic since January." He goes on, "my analysis shows that most enterprises worked on the basis that the average exchange rate would be about 230 bolivares in 1995," and adds, "this means that this devaluation took place ahead of time and not in reaction to a statement." "Our goal for the first quarter of 1996 is to lift exchange controls on the current account and to adopt a more open exchange policy," Matos Azocar affirms.

Monsignor Mario Moronta points out that he too feels optimistic but believes that there is still a long way to go before a full participative democracy is attained. He refers to the Venezuela Agenda and asks why are the people's opinion not taken into account when formulating these measures. Moronta adds, "I believe Fedecamaras [Venezuelan Federation of Associations and Chambers of Commerce and Industry] is not the country's sole spokesman; I believe there are many grass-roots organizations that could perfectly well go to you or other sectors of the government, not only to be heard, but also to cooperate."

Economist Ross comments that he believes the government has disregarded the situation and goes on to ask for realistic expectations for 1996 taking into account that oil can no longer be used to cushion problems. Matos Azocar concedes that prudence is needed when forecasting the 1996 outlook and adds, "I believe that the government, when dealing with fiscal deficits, has imposed upon itself disciplines that are not well-known. This is the first administration that presents before Congress income estimates below those of the price of oil earnings."

Later in the interview economist Ross says that he often feels that the government does not have the resources to face the thousands of solutions Venezuelan society demands and adds, "I take the opportunity with my remaining time to speak about IMF negotiations." He adds, "the government seems to be killing time" and "the government is simply trying to increase taxes and then everything will just remain as printed words." Ross concedes that certain IMF negotiations need to remain private, "but it is important that the community learn where we stand right now with these IMF negotiations." Matos Azocar replies that public spending needs to be known by everyone and not kept a secret and that people should not remain indifferent, adding, "we need to gradually change the notion of indifference and secrecy on how public expenditures take place." Matos Azocar adds, "we need to be realistic, historically public spending is discussed, distributed, and decided between the government and Congress without the participation of society's other sectors. This needs to be changed."

Matos Azocar, replying to Gustavo Garcia says that oil myths and exaggerations need to be dispelled such as the oil industry needs to be sold now to solve the crisis and adds, "oil cannot be seen strictly from a financial viewpoint and has to be seen from other perspectives, for instance, its geopolitical role."

Monsignor Moronta states that it seems inevitable that agreements have to be reached with the IMF and other international organizations. "Can the Venezuela people feel safe that despite the sacrifices, the void between the rich and the poor will not widen and that the country's impoverishment will not deepen further?," Monsignor Moronta asks. Matos Azocar replies that the first year is one of stabilization, but "afterward, this will turn out jobs and the capacity of the Venezuelan family to have greater income." He adds, "one of the ways to beat inflation is improving total family income: a father with a job opportunity and a son in a training-scholarship program. This is part of the programs we are proposing."

Cordiplan Minister: Wage Hike Set For 1996

PA1712131795 Caracas EL GLOBO (EL GLOBO ECONOMIA Supplement) in Spanish 15 Dec 95 p 2

[Report by Luis Alejandra Garcia]

[FBIS Translated Text] Edgar Paredes Pizzani, the coordination and planning minister [Cordiplan] of Venezuela, asserted in Miraflores yesterday that wage adjustments will be made in two parts, that is to say, one in January and the other in July 1996.

He expressed this and declared that it had been the "pre-agreement" reached with the IMF.

— We talked with the IMF's people — Paredes explained — about wage adjustments and pre-agreed that we should use a program similar to the one implemented in 1995. In other words, that we should not make one single adjustment to the wage scale but at least two of them throughout the year. Thus, one adjustment will be implemented in January and the other in July.

However, Great Care Must Be Observed

"We have to study the wage policy very carefully. I explained this to an important delegation from the Venezuelan Workers Confederation [CTV] that met with me and the finance minister last week," Paredes noted.

—At this meeting, we presented, in general terms, how we had to implement a wage review policy that does not use (or take a lean to utilize) the executive decree on general wage increases in a disorderly manner. In any case, we can change the minimum wage, the entire economy, both in the private and public sector, but we have to leave space to be able to make special compensations according to a worker's productivity and efficiency.

"In the case of the public sector," the minister reported, "it is important that we redefine the wage scale because the policies covering general wage increases, bonuses, etc. are currently disorganized. The public sector scales are very disorganized. The Central Personnel Office has presented many studies and several proposals on this issue. We have to study them to be able to decide which is appropriate. We also have to prepare incentive and promotion scales for the workers."

The minister was asked how much the wages would be increased but he opted not to give figures and continued talking as if he had not heard the question:

—...We also — Paredes continued — agreed with the CTV that it would not be a disproportionately high increase. That is to say, we had already talked about a compulsory increase and a disproportionately high increase could send the message that we are expecting very high inflation. This would not benefit anyone. No one would win.

There Are No Isolated Measures

On another issue, Paredes Pizzani used the occasion to answer several sectors that have strongly criticized the decision to devalue the currency and called it an "isolated measure."

—The Agenda Venezuela process is going well. We have an optimism that is not irrational but has very solid and sound bases. Contrary to several negative opinions that have been heard this week, the exchange parity adjustment measure is not an isolated one. It comprises a number of initiatives that, together, form the Agenda Venezuela, that is to say, the exchange adjustments and all the things that are being done and will continue to be done in the macroeconomic sphere. The agenda is also accompanied by a social policy program based on the recovery of our productive economy and the implementation of structural reforms. With regards to the latter (the social policy), I have just signed the "Memory-Aide" ["Ayuda-Memoria"], which is a very preliminary agreement with the World Bank for the entire structural reform program in Venezuela. It covers three broad areas, including the reorganization of all the public administration organizations. It also includes the new policy on jobs, wages, and training for the public sector. Furthermore, it contains a comprehensive revision of the decentralization process.

Caldera Strategy Views Creation of Industry Ministry

PA2112045595 Caracas Venezolana de Television Network in Spanish 0200 GMT 21 Dec 95

[FBIS Translated Text] President Rafael Caldera today implemented a strategy aimed at strengthening the productive system and modernizing the Venezuelan state by signing a partial amendment of the Organic Law of the Central Administration, a legal instrument which leads to the creation of the Industry and Commerce Ministry.

The Industry and Commerce Ministry is contemplated in the Venezuela Agenda. By enacting a partial amendment of the law, President Caldera paved the way for the merger of the Development Ministry and the Foreign Trade Institute into a new body that will stimulate the development of industry, commerce, and services in a framework of productivity and competitiveness:

[Begin unidentified speaker recording] The Industry and Commerce Ministry has been conceived not only as a governing body that will oversee production, local commerce, exports, and imports policies within the national development strategies as a basis for increasing the competitiveness of the Venezuelan productive sector but also as a new institution to implement strategies for creating conditions and anticipating difficulties. The ministry has also been conceived as a definer of policies, a promoter and facilitator of private initiatives, an educator and adviser, negotiator and arbiter, harmonizer and regulator of the industry and commerce system for the benefit of the community. [end recording]

The private sector hails the creation of this ministry but at the same asks that it be given more power to modify the present economic plans:

[Begin unidentified speaker recording] The first thing we want to do with the new institution is cooperate with it. Conindustria [Venezuelan Council of Industry] would like to cooperate with the Industry and Commerce Ministry so in the early months of 1996 we can offer the country a new industrial development strategy for Venezuela as the result of a certain consensus. [end recording]

Petroleum Workers, Industry Sign Collective Accord

PA1212152095 Caracas EL UNIVERSAL in Spanish 9 Dec 95 p 2-1

[Report by Luis Manuel Escalante]

[FBIS Translated Text] After three months of intense meetings, proposals, counterproposals, and even a 12-hour work stoppage, the agreement [precontrato] between the petroleum industry and its workers was signed yesterday.

This collective agreement will be definitively signed in the next few days in the labor minister's office, where the most recent meetings were held. It will govern worker-management relations of the petroleum sector in the next two years.

This breaks the tradition in the last 15 collective agreements signed in the petroleum industry which had had a duration of three years.

Labor Minister Juan Nepomuceno Garrido, who acted as mediator after the 23 November strike when relations became more tense, said he was satisfied with the achievements and reiterated that he had hoped an honorable agreement for both sides would be found.

It must be stressed that despite the work stoppage and the introduction of the labor conflict document which gave the workers the right to stage a general strike at any time, "this agreement was discussed in record time," Carlos Ortega, president of Fedepetrol [Federation of Oil Workers], said.

The discussions began on Monday, 11 September, at the Lido building, where a big assembly hall was set up for them, and they concluded on Friday, 8 December, at the labor minister's office. It took three months of discussions to reach the agreement. The previous agreement took eight months and the preceding one took more than one year.

Workers have been obtaining more benefits in each of these collective agreements. The main achievements on this occasion were:

A salary increase of 1,500 bolivares a day at the signing of the contract and 400 more bolivares a day effective 1 December 1996, which means 12,000 more bolivares a month.

Other socioeconomic benefits include an increase in the aid for the purchase of housing, which went from 400,000 bolivares to 1.850 million bolivares. CTV [Venezuelan Workers Confederation] leader Freddy Iriarte explained that these are loans the industry grants to its workers for the purchase of houses and apartments, in addition to a housing bonus of 16,500 bolivares a month.

Carlos Ortega stressed that contrary to what some detractors of the labor movement were saying, the commissaries and supply stores for the petroleum workers continue to exist. He also said they were able "to halt the industry's plan to transfer operations to contractors, an action that would introduce an element of labor instability."

Speaking at the signing of the agreement, Labor Minister Garrido indicated that the "survivor's pension is an excellent achievement."

Up to yesterday, relations with the company completely ended when an oil worker died. With this clause, the worker's survivors — wife, minor or disabled children — will receive a pension equivalent to 50 percent of the workers' salary.

"This is a very important social achievement," Dr. Leonor de Herrera, representative of Lagoven [a subsidiary of Venezuelan Petroleum, Inc.] in the negotiations said. She told EL UNIVERSAL that "this collective agreement has a total cost of 300 billion bolivares during its two-year term."

This cost includes the labor liabilities from workers' benefits, the amount of which she did not specify, although it is estimated that there are 63,000 workers with a 12-year average length of service.

New Commander Vows To Optimize, Modernize Air Force

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[FBIS Translated Text] Air Force Commander General Juan Antonio Paredes Nino, who is also division general [DG] of the Venezuelan Air Force (FAV), said that "we should put to sleep the obsolete weapons systems we have at the Air Force in order to replace them with updated ones."

Yesterday at 1200 hours at the Generalissimo Francisco de Miranda Air Force Base, located in La Carlota, the defense minister and the high military command presided the military parade, which included an air show staged by the Air Force to welcome its new commander general who replaced GD (FAV) Jose Agustin Borges Blasco, who is now the new National Armed Forces inspector general.

In his speech, Gen. Paredes said: "We are not the generation of relief. No, we are the generation of change, which will not happen overnight. However, we will take the step, putting sentimentalism aside. We are talking about the future."

"The current situation demands the setting of certain premises, including the one that will lay down the norm: the FAV will unfailingly have to rescue its basic values and return to its essence and roots, because, for one reason or another, we have strayed from our specifications."

He criticized the current situation: "Because of the way in which the forces are operating, the working foundations are corroding themselves. This is due mainly to the country's economic situation, and to the deviation of our basic assets: the combat and support units."

"A large number of soldiers have to get involved with various weapons systems that nowadays, at this stage, are obsolete. They no longer work; their useful life was over a long time ago... however, we have to maintain them, because the forces' budget can no longer be a kind of channel through which the scarce resources are being drained to nonbasic tasks."

"These systems — let us stress it — are receiving, every once in a while, drops from the budget, drops that cannot revive them, because they are like sick people in their terminal phase, only worse. They take away from the new systems the nourishing sap they so much need to grow and serve with vigor. This is definitely an unbearable situation."

Afterwards, he committed all his subordinates to accept the challenge of making the FAV more effective, more efficient, but less expensive.

"In no way doses this imply that we are going to downsize the Air Force, to eliminate it as a basic element of the national and military power, or to take away its prestige as the spearheading national air might. That is not the case; it cannot be."

What Gen. Paredes is trying to do during his term is to have a "very powerful combat aviation, which will be technically well equipped with the most advanced technology: laser systems, self-guided intelligent weapons, electronic war equipment, and other equipment equally advanced and sophisticated. Second, we want to have a truly efficient transportation system, capable of moving the land forces whenever it is necessary to do so and of supporting the country's development."

[EL UNIVERSAL] In a critical situation, how would you do it, general? By engaging in "joint ventures" [previous two words published in English], seeking self-financing, for instance?

[Paredes] Certainly yes. We will continue with what Borges started. I helped him as his second in command, and I believe in administrative continuity.

[EL UNIVERSAL] What are the FAV's current opportunity levels?

[Paredes] They are enough to accomplish our mission... however, they are not the ones we want. If we stopped supporting certain matters to devote ourselves to whatever is worth supporting by optimizing the use of resources, our operational levels [operatividad] could be greater.

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